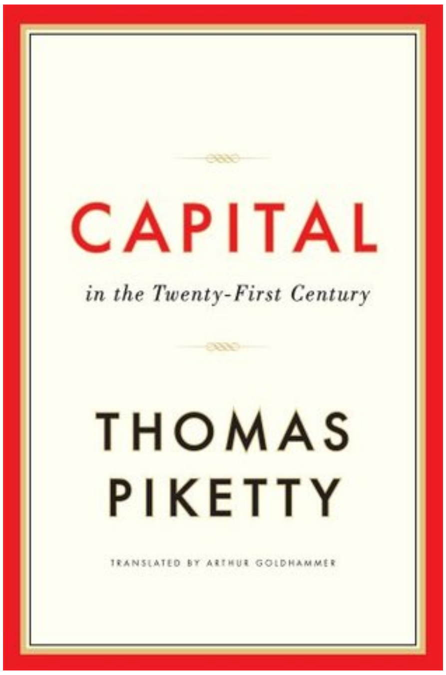

Capital in the Twenty-First Century

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What are the grand dynamics that drive the accumulation and distribution of capital? Questions about the long-term evolution of inequality, the concentration of wealth, and the prospects for economic growth lie at the heart of political economy. But satisfactory answers have been hard to find for lack of adequate data and clear guiding theories. In Capital in the Twenty-First Century, "Thomas Piketty analyzes a unique collection of data from twenty countries, ranging as far back as the eighteenth century, to uncover key economic and social patterns. His findings will transform debate and set the agenda for the next generation of thought about wealth and inequality.

Piketty shows that modern economic growth and the diffusion of knowledge have allowed us to avoid inequalities on the apocalyptic scale predicted by Karl Marx. But we have not modified the deep structures of capital and inequality as much as we thought in the optimistic decades following World War II. The main driver of inequality--the tendency of returns on capital to exceed the rate of economic growth--today threatens to generate extreme inequalities that stir discontent and undermine democratic values. But economic trends are not acts of God. Political action has curbed dangerous inequalities in the past, Piketty says, and may do so again.

A work of extraordinary ambition, originality, and rigor, Capital in the Twenty-First Century "reorients our understanding of economic history and confronts us with sobering lessons for today.

Capital in the Twenty-First Century Details

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Author	:	Thomas Piketty , Arthur Goldhammer (Translator) , ??????? ??????????(Translator)
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From Reader Review Capital in the Twenty-First Century for online ebook

Mark Skousen says

The Economist magazine rightly calls French professor Thomas Piketty the new Marx, although a watered-down version. Piketty's bestseller (rated #1 on Amazon) is a thick volume with the same title as Karl Marx's 1867 magnum opus, "Kapital." The publisher, Harvard University Press, appropriately designed the book cover in red, the color of the socialist workers party.

Piketty cites Karl Marx more than any other economist, even more than Keynes. The professor barely mentions Adam Smith. Instead of the modern scientific name "economics," he prefers the old term "political economy," a favorite of radical professors.

And most importantly, Piketty's focus is on the distribution of income and capital, not the creation of wealth. He's not so much concerned with the size of the economic pie, but how it's cut up.

His main thesis is that inequality grows under capitalism, that unfettered free markets make the rich richer and the poor poorer — a standard Marxist position — and that the only solution is to tax the dirty, filthy, stickin' rich with highly progressive taxes on their income and wealth.

I don't want to be picky, but Piketty often ignores data that contradicts his theory of growing inequality. For instance, he selectively chooses members of the Forbes magazine billionaires' list to show that wealth always grows automatically faster than the average income earner. He repeatedly refers to the growing fortunes of Bill Gates in the United States and Liliane Bettencourt, heiress of L'Oreal, the cosmetics firm. "Once a fortune is established," he claims, "the capital grows according to a dynamic of its own, and it can continue to grow at a rapid pace for decades simply because of its size."

Come again?

I guess he hasn't heard of the dozens of millionaires and billionaires who lost their fortunes, like the Vanderbilts, or to use a recent example, Eike Batista, the Brazilian businessman who just two years ago was the seventh-wealthiest man in the world, worth $30 billion, and now is practically bankrupt.

Piketty conveniently ignores the fact that most high-performing mutual funds eventually stop beating the market and even underperform. Take a look at the Forbes "Honor Roll" of outstanding mutual funds. Today's list is almost entirely different from the list of 15 or 20 years ago. In our business, we call it "reversion to the mean," and it happens all the time.

The professor seems to have forgotten a major theme of Marx, and later Joseph Schumpeter, that capitalism is a dynamic model of creative destruction. Today's winners are not necessarily next year's winners. IBM used to dominate the computer business; now Apple does. Citibank used to be the country's largest bank. Now it is Chase. Sears Roebuck used to be the largest retail store. Now it is Wal-Mart. GM used to be the biggest car manufacturer. Now it is Toyota. And the Rockefellers used to be the wealthiest family. Now it is the Walton family, who a generation ago were dirt poor.

Piketty is no communist and is certainly not as radical as Marx in his predictions or policy recommendations. Many call Piketty "Marx Lite." He doesn't advocate abolishing money and the traditional family, confiscating all private property or nationalizing all of the industries. But he's plenty radical in his soak-the-rich schemes, a punitive 80% tax on incomes above $500,000 or so, and a progressive global tax on capital with an annual levy between 0.1% and 10% on the greatest fortunes.

Why assess a tax of even 0.1% on wealth? It destroys a fundamental sacred right of mankind — financial privacy and the right to be left alone. An income tax is bad enough. But a wealth tax is worse. A wealth tax is Big Brother at his worst. Such a tax would require every citizen to list all his or her assets. The intent is to prevent any secret stash of gold and silver coins, diamonds, artwork or bearer bonds. Suddenly, the privacy guaranteed to Americans by the Fourth Amendment would be denied and produce an illegal and underground black market.

Equally important, a wealth tax is a tax on capital — the key to economic growth. The worst crime of Piketty’s vulgar capitalism is his failure to understand the positive role of capital in advancing the standard of living in the world. As Andrew Carnegie simply said, “Capitalism is about turning luxuries into necessities.” The latest example is the smartphone. It’s the great equalizer. Virtually everyone rich and poor has one, thanks to the ingenuity of entrepreneurs like Steve Jobs. This is democratic capitalism at its best. Income inequality may be growing, but when it comes to goods and services, inequality may be shrinking.

To create new products and services and raise economic performance, a nation need capital, lots of it. Contrary to Piketty’s claim, it is good that capital grows faster than income, because it means people are increasing their savings rate. The only time capital declines is during war and depression, when capital is destroyed.

Piketty blames the increase in inequality on low growth rates. He says return on capital tends to be higher than the economic growth rate. Good, let’s increase economic growth with tax cuts, sensible deregulation, better training/education, productivity and opening trade.

Even Keynes understood the value of capital investment and the need to keep it growing. In his “Economic Consequences of the Peace,” Keynes compared capital to a cake that should never be eaten. “The virtue of the cake was that it was never to be consumed, neither by you nor by your children after you.”

If the capital “cake” is the source of economic growth and a higher standard of living, we want to do everything we can to encourage capital accumulation. Make the cake bigger, and there will be plenty to go around for everyone. This is why increasing corporate profits is good — it means more money to pay workers. Studies show that companies with higher profit margins tend to pay their workers more. Remember the Henry Ford $5-a-day story of 1914? (In honor of its centennial, I’m telling this story again at FreedomFest this July 9.)

If anything, we should reduce taxes on capital gains, interest and dividends, and encourage people to save more and thus increase the pool of available capital and entrepreneurial activity. A progressive tax on high-income earners is a tax on capital. An inheritance tax is a tax on capital. A tax on interest, dividends and capital gains is a tax on capital. By over-taxing capital, estates and the income of our wealthiest people, including heirs to fortunes, we are selling our country and our nation short. You can never have too much capital.

What country has advanced the most since World War II? Hong Kong, which has no tax on interest, dividends or capital.

The great Scottish economist Adam Smith once said, “Little else is required to carry a state from the lowest barbarism to the highest degree of opulence but peace, easy taxes and a tolerable administration of justice.” Moreover, his system of easy taxes and natural liberty would reduce inequality and result in “universal opulence, which extends itself to the lowest ranks of the people.”

My hope is that Professor Piketty will see the error of his ways and write a sequel called “The Wealth of

Nations for the 21st Century," which will quote Adam Smith instead of Karl Marx. Perhaps he will quote this passage: "To prohibit a great people… from making all that they can of every part of their own produce, or from employing their stock and industry in the way that they judge most advantageous to themselves, is a manifest violation of the most sacred rights of mankind."

Marvin says

Spoiler alert....

Holy smokes, this was a tour de force of political economy & economic history. Piketty explains why a tax on capital is so much preferable than taxes on income, the need for global cooperation and why inequality in America will only get worse unless policymakers address higher education affordability, tax policies, especially on inheritance, and minimum wage laws. A brutally long read, yet well worth the effort.

David M says

Fresh confirmation. Piketty likely *under*estimated the growth of extreme inequality

https://www.washingtonpost.com/news/w...

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feed the poor. eat the rich

https://www.theguardian.com/business/...

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The introduction includes one of the most gratifying paragraphs ever written

> To put it bluntly, the discipline of economics has yet to get over its childish passion for mathematics and for purely theoretical and often highly ideological speculation, at the expense of historical research and collaboration with the other social sciences. Economists are all too often preoccupied with petty mathematical problems of interest only to themselves. This obsession with mathematics is an easy way of acquiring the appearance of scientificity without having to answer the far more complex problems of the world we live in. There is one great advantage to being an academic economist in France: here, economists are not highly respected in the academic or intellectual world or by political and financial elites. Hence they must set aside their contempt for other disciplines and their absurd claim to greater scientific legitimacy, *despite the fact that they know almost nothing about anything.*

Neo-classical economics is morally and intellectually repulsive pseudo-science. Economists are not actually experts in anything.

*
Not perfect but incredibly important. Every thinking person in the 21st century needs to read this book.

As I read him, Thomas Piketty's major disadvantage is political. He delineates a radical problem, then offers a liberal solution. A global tax on wealth does indeed make sense - indeed it makes so much sense he can't possibly account for the fact that it doesn't exist already. He refuses to consider such things as class struggle and ideology.

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Piketty claims that Marx was too apocalyptic in claiming that inequality could only be ended through revolution (ie, and not a peaceful transition). However, Piketty also acknowledges that in the 20th century wealth inequalities were wiped out only due to world war; from this perspective, it would seem Marx actually wasn't nearly apocalyptic enough in his predictions. The violence of the first and second world war far exceeded anything a Victorian intellectual could have conceived.

If war is ultimately what destroyed inequality, can it also be said that inequality contributed to or even *caused* world war? The implications here are clearly very radical. It's a question Piketty leaves unexplored. He hints that inequality can have disastrous social consequences, but then treats the major man-made conflicts of last century as if they were random accidents.

Randal Samstag says

Thomas Piketty is a relatively young economist who has spent most of his professional career teaching at the Paris School of Economics and the École des Hautes Études en Sciences Sociales after brief stints at MIT. He has collaborated with fellow École Normale Supérieure graduate Emmanuel Suez on comprehensive studies on income and wealth inequality. A chart of their data is a frequently-used graphic (the one that looks like the Golden Gate Bridge) in Robert Reich's current documentary film, *Inequality for All*. This figure shows the income of the top 1 percent of income earners as a ratio of the national income from the period from 1910 to 2010. It shows a dramatic peak just prior to the 1929 crash followed by a collapse in the years up to 1980 and then a dramatic rise back up to the same level of approximately 24 percent of national income that the one percent took home in the roaring twenties.

In March 2014 the English translation of Piketty's latest book, *Capital in the Twenty-first Century*, hit the streets in the US. It contains over 600 pages (including notes) of remarkable data and graphics depicting the historic evolution of income and wealth in our world. It has been making quite a splash in the United States, it's English translation coming as it has on the heels of *Inequality for All*. It has been enthusiastically reviewed by prominent Nobel Prize winning economist and *New York Times* columnist Paul Krugman in a recent issue of the *New York Review of Books* and by another Nobel-winning neoclassical economist, Robert Solow, in the New Republic. Scores of other reviews have come out since it's publication by Harvard Press in March from both right and left. Martin Feldstein, the chairman of Ronald Reagan's Council on Economic Advisers, felt it necessary to attempt to debunk Piketty from the right in a Wall Street Journal column recently. Michael Roberts has been regularly working at debunking Piketty in the pages of his blog from a Marxist perspective. Someone who has raised such praise and ire from both left (Roberts), middle (Krugman and Solow), and right (Feldstein) must be on to something.

Piketty's book provides comprehensive documentation of the growing inequality that has the United States and Europe in its grip. But the forgotten element in this that Piketty brings to the discussion (if you have not read Ricardo and Marx) is that extreme inequality, in Europe at least, is not new. The inequality that has now established itself in both Europe and the United States is more like a return to the normal state of extreme concentration of wealth and income that ruled in the nineteenth century. It was only the great capital destruction of the inter-war years (and the threat posed by the success of socialist revolution in Russia - not so much emphasized by Piketty) that reduced inequality in the West in the twentieth century. Since then capital / GDP ratios have been steadily climbing back to the ratios that were common in the Gilded Age. Piketty calls this new reality "patrimonial capitalism" in that as economic growth chronically lags behind the rate of return that owners of capital can receive on their wealth, a tiny rentier class eventually emerges over generations that controls significant portions societal wealth and influence. This picture contradicts the story told by free market economists from Hayek to Kuznets to Milton Friedman and Paul Ryan that unregulated markets open doors to everyone to gain wealth. Instead, Piketty shows, the supposed triumph of capitalism in the wake of the fall of the Soviet empire, is more likely trending towards an entrenched structure of societal control by inherited wealth.

Piketty's title seems to be modeled after that of the famous book by Karl Marx, but Piketty is no revolutionary, rather a socialist of the contemporary French type which much more resembles the Democratic Party of FDR than any nineteenth century socialist party. Not that he thinks that this enormous inequality is a good thing, far from it, but his solution is rather a (modest) tax on capital than overthrow of the capitalist system. In other writings in the recent past Piketty has also recommended a return to the high top tax rates used in the United States and Europe in the period from the Great Depression prior to the Reagan / Thatcher putsch.

Key concepts in the book:

1) Kuznets was wrong (Ricardo and Marx were right)

2) A return to simple models of the macro economy

3) The rise of patrimonial capitalism

A more detailed discussion of these topics is on my blog

Aaron Thibeault says

*A full executive summary of this book is available here: http://newbooksinbrief.com/2014/04/04...

The main argument: The unequal distribution of wealth in the developed world has become a significant issue in recent years. Indeed, the data indicate that in the past 30 years the incomes of the wealthiest have surged into the stratosphere (and the higher up in the income hierarchy one is, the greater the increase has been), while the incomes of the large majority have stagnated. This has led to a level of inequality in wealth in the developed world not seen since the eve of the Great Depression. This much is without dispute.

Where there is dispute is in trying to explain just why the rise in inequality has taken place (and whether, and to what degree, it will continue in the future); and, even more importantly, whether it is justified. These questions are not merely academic, for the way in which we answer them informs public debate as well as policy measures—and also influences more violent reactions. Indeed, we need look no further than the recent Occupy Movement to see that the issue of increasing inequality is not only pressing, but potentially incendiary.

Given the import and the polarizing nature of the issue of inequality, it is all the more crucial that we begin by way of shedding as much light on the situation as possible. This is the impetus behind Thomas Piketty's new book Capital in the Twenty-First Century.

One of Piketty's main concerns in the book is to put the issue of inequality in its broader historical context.

Specifically, the author traces how inequality has evolved from the agrarian societies of the 18th and early 19th centuries; through the Industrial Revolution and up to the First World War; throughout the interwar years; and into the second half of the twentieth century (and up to the first part of the twenty-first).

With this broad historical context we are able to see much more clearly the causes of inequality. As we might expect, what we find is that inequality is influenced by a host of societal factors—including economic, political, social and cultural factors. However, what we also find is that inequality is influenced by a broader set of factors associated with how capital works in capitalist societies (and market economies more generally).

Specifically, we find that capital (and the wealth it generates) tends to accumulate faster than the rate of economic growth in capitalist societies. What this means is that capital tends to become an increasingly prevalent and influential factor in these societies (at least up to a point). What's more, wealth not only tends to accumulate, but to become more and more concentrated at the top (mainly because those with more capital are able to earn a higher rate of return on their capital investments). For these reasons, capitalism on its own tends to produce a relatively high degree of inequality.

The natural tendency of capital to accumulate and to become ever more concentrated largely explains the high degree of inequality that was witnessed in the developed world in the early part of the twentieth century. This inequality was largely dashed, however, in the interwar years. The reason for this is that the major events of the first half of the twentieth century (including the two world wars, and the Great Depression) thwarted capital's natural tendency to accumulate, and also destroyed large stocks of wealth. The end result was that by the time World War II was over, inequality in the developed world had reached an all-time low.

After the Second World War, the natural tendency of capital to accumulate resumed. However, various political and economic measures (including progressive taxation, rent control, increasing minimum wages, and expanded social programs) worked to redistribute this growing capital, thus preventing inequality from growing as quickly as it would have otherwise.

In the 1980s, though, the developed countries did an about-face, and began eliminating many of the measures that had prevented inequality from rising according to its natural tendency. The consequence was that inequality reasserted itself in a major way, such that it is nearly as extreme today as it was on the run up to the Great Depression. Furthermore, the historical evidence indicates that capital will likely continue to accumulate and become ever more concentrated, such that we will witness an even greater level of inequality moving forward.

As far as justifying the growing inequality that we are currently seeing, Piketty raises serious doubts as to whether it may rightly be considered fair. What's more, as inequality continues to grow, it is increasingly likely that large parts of the population will also come to see it as unfair and unjustified—thereby increasing the likelihood of political opposition.

For Piketty, the best and fairest solution to these problems would be to steepen the progressive taxation applied to the wealthiest individuals. The problem, though, is that in a world of financial globalization (where there is a high degree of competition for capital—as witnessed by tax havens), it is extremely difficult to apply the appropriate tax scheme without the cooperation and coordinated efforts of the international community—and this is simply not something that is easy to achieve.

The alternative, however, is much more troubling for it is likely that it will involve reverting to protectionism and nationalism—and this is really in no one's interest.

This book is an absolute tour-de-force. The broad time-frame that Piketty explores, and the enormous body of data that he brings together, makes this study extremely comprehensive (no one will even think of accusing Piketty of cherry picking the data). Also, the reader is struck by how dispassionately Piketty analyzes the evidence he brings to the table. Indeed, while the author does have a position on inequality, one never receives the impression that this is corrupting his analysis (I consider myself to be a pragmatist politically, and often find that writers on both the left and the right massage the truth, but that was never the case here). Finally, it should be said that the book is very long, and just as dense, with the author often delving into extreme detail, so be prepared for a challenge. A must read for anyone with a serious interest in economics. A full executive summary of the book is available here: http://newbooksinbrief.com/2014/04/04...

Trevor says

This book is basically the Harry Potter of Economics – I mean in terms of blockbuster sales and turning its author into a rock star. He is being credited with giving new life to the left. The book is very long. I'm not sure if you really need to read the whole thing, either. Depending on what you want to get out of this, you really could get by with reading the Introduction and the Conclusion. If that doesn't seem enough, then you could read Chapter 14 and 15 – pretty much where he outlines his 'solutions'.

I'm going to give you the layperson (that's me) version of this book. Marx (and to be fair Ricardo before him) believed in the total impoverishment of the working class. Essentially, Capitalism works by deskilling people. Adding technology to factories removes skills from workers. The greater the amount of technology, therefore the greater the displacement of labour, thus the less labour you need to make the same amount of stuff. But that means you need more capital to make that stuff, machines and so on. As Galbraith points out in The New Industrial State, when Ford started making cars he did so from an old farm shed. If you are thinking of starting a car company today I don't suggest you buy yourself a shed. In fact, unless you are already a billionaire a few times over I don't suggest you even start. Production has become so mechanised that the capital investment needed is mind blowing.

Marx saw this process as producing an inevitable contradiction for Capitalism – for Marx Capitalism's problem was always over supply of goods and services. Eventually, and inevitably, the concentration of wealth in the hands of the few would mean no one would be left able to buy what was produced and this would then shut down factories – no point producing stuff no one can buy it. Marx didn't see revolution as being morally inevitable because Capitalism was bad, but rather that Capitalism would inevitably put a limit on the growth of production and Marx believed that any system that did that would be swept aside.

And while there have been clearly times when this looked like exactly what was going to happen, and not just in the 1930s or 1890s, it never quite has happened. Capitalism has proven much more resilient than Marx predicted.

Part of the reason for this, as explained in this book, is that Marx based his model of Capitalism on a steady state economy. That is, one that doesn't grow. I find this almost impossible to believe – but that is what this guy says so we'll go with that. He does make it clear that the economy in the 19th Century didn't grow as we are now used to seeing it grow. He talks about novels as his proof here – you know, grab a Jane Austin and people are always talking about how you can live really well with 1000 or 5000 pounds a year – and he explains that this was as true by the end of the century as it was at the start. I couldn't dream of living on my first wage now – thirty years later – and no one really talks about millionaires anymore. So, he suggests that the steady state economy wasn't such a crazy approximation as it might seem to us now.

In the middle of the 20th century economists were predicting that Capitalism had changed its ways. All of that stuff Marx was worried about were just teething problems. In fact, once Capitalism really got into its stride it tended towards ever greater equity. The proof was in the numbers. Following the wars equity had spread about the place like a magical fairy distributing good will. All was well in the garden. In fact, these economists were certain that increasingly equity was as inevitable to Capitalism as Marx had thought revolution was.

Then came 1980 and that evil bastard Reagan and his vicious twin sister Thatcher. They took as much money as they could squeeze out of the poor and gave it all to the rich in what they called trickle down economics, but that was really gush up economics.

This is where the book becomes interesting. What this guy has done is track income records for about three centuries. Mostly from France, but from elsewhere too. He explains that it doesn’t make too much sense to take the US as an example over this period. Why? Because over this timeframe France’s population doubled. Over much the same period the US population grew by 100 times. Different rules apply to countries in these very different circumstances. It is also fairly unlikely that the US population is going to grow by another 100 times anytime soon. Given that, France probably makes a better model than the US does.

Ok, so what do we find if we look at the relationship between income and capital over that period? This is important because everyone is currently certain that the path to wealth is through developing your ‘human capital’. That is, if you have smarts and get qualified and get a good job you will be wealthy – welcome to the joys of meritocracy. But this hasn’t always been true in human history (in fact, it has only been true for a very short time) and it probably isn’t all that true today any longer. The problem is that what happened in the middle of the 20th century – the time when society became more equal – was a direct consequence (not of Capitalism becoming inevitably more egalitarian) but of two world wars and a depression. You see, when you have a world war shit gets blown apart. Houses, factories, roads – what you would call Capital. And the people who own this Capital are the Capitalists. Them losing capital makes society more equal, but this is a sick way to make the world more equal. Large amounts of their fortunes disappeared as a consequence of these devastations and people after the war made sure that gross fortunes couldn’t be made from rents. Taxes were imposed everywhere on rent capital and this too made society much more equal.

When you go out to work you make stuff and gain an income. GDP is all of the stuff that the economy makes in a year. But not all of that stuff disappears at the end of the year. Lots of it does, but not all. You know, every year we produce lots of milk and it is either used up or it is thrown out. But we also produce houses and, unless you are in certain parts of the US or Europe, those houses are still around at the end of the year and even for years to come and they more or less hold their value. The total wealth of a country isn’t what it produces in any given year, but is always much greater than that. Government are always very keen to see the economy grow. But what this guy has found is that the rate of growth of income is less than the rate of return on capital. This needs explained.

Let’s say the economy is growing at between 1-2% a year. What he has been able to show is that the rate of return on capital under this growing economy can be say 5%. Right, so there is the problem. If the economy is growing at 2% and capital is growing at 5% then people who own capital are getting richer at a faster rate than the economy is growing. So, they have to be gaining more and more of the total wealth of an economy, not just income, but also the reserves from the general capital of the economy. And with this greater share of everything they are increasingly able to claim rent, rather than income for creative deployment of their capital. Rent, as he repeatedly says, is the past eating the future. This is part of the reason why we taxed it so heavily in the middle of the 20th century. When we privitise public assets we are giving these to private persons, ultimately, and if it is school buildings or roads or hospitals, you then get to pay those private person rent for the use of these assets.

The lesson, then, is that if you allow it, Capital will concentrate into fewer and fewer hands. Ok, so what’s the problem with that? Well, just look at the US. It can hardly be called a democracy any more. The rich are so obscenely wealthy that they simply buy the political system. The transfer of wealth has been so extreme that there is virtually no possibility of any social mobility anymore. This has brought about the crisis of the prison system, a crushingly unequal education system, a health system that is the most expensive in the world and yet leaves millions of people excluded from it, a remarkable lack of a social safety net and the list goes on and on. Gross inequity has been repeatedly shown to cause gross social dysfunction. This book is written from the concern that gross inequity will quite literally end democracy.

The solution offered is an international tax on capital. This needs to be international, as we live in a global economy and we need to make sure that those with capital don't just shift it about to avoid paying the tax. He makes the very interesting point that the whole world is currently in debt and that this is due to us paying rents to capital. When what we ought to be doing is taxing that capital.

Now, I'm not as optimistic as this guy is. I read an article about this book today by three economists – or rich men's arse wipes, which I believe is the technical name for them - http://theconversation.com/pikettys-b... They quite misrepresent Piketty's argument, but that isn't what is important. What they also do is prove that no one is giving up their own position without a damn good fight. The only way such a tax would be possible is – well – there is no way such a tax could be possible. The rich are never going to just agree to such a thing. Such arse wipes as the three gentlemen above are in over abundant supply. They will create endless reasons why equity is impossible. Eventually things will become intolerable and then, in the words of a dead Irish poet, the people will 'take what you would not give'. This taking what would not be given, so far, has never worked out all that well. In fact, it generally works out appallingly badly. But, like I said, I'm a pessimist. I'm not proud of my pessimism, but if someone could show me anywhere where the rich have agreed to hand over even the smallest part of their obscene wealth for the common good, then I will shut up. They will go on blaming the poor while gorging themselves sick. The planet will continue on its way to wherever catastrophe unsustainable development is planning to lead us. None of it is pretty in any direction, as far as I can see.

If there is one service this guy provides us, it is to see that capitalism needs to be saved from itself, much as Galbraith said in the 1950s. That democracy needs to be extended and that non-productive capital needs to have its arse taxed off it. I don't particularly hold out all that much hope for anything of these outcomes, but at least we can't say we weren't warned.

ΑνναΦ **says**

Questo bellissimo, documentato e ben scritto saggio – ho molto apprezzato lo stile chiaro e estremamente divulgativo, che rimanda le tabelle più prettamente tecniche a margine e sul sito dell'autore, oltre che gli esempi letterari per mostrare l'evoluzione del capitale nella società occidentale, nei secoli – farà inacidire i neoliberisti che cercheranno in ogni modo di smantellarne l'impianto teorico. I fautori di Ludwig von Mises, Frederich von Hayek e i Chicago Boys cercheranno di smontarne le tesi dicendo che il moderno capitalismo senza regola premia gli imprenditori capaci e fa fare bancarotta a quelli meno bravi (citando, *en passant*, l'esempio dei Vanderbilt) e come un neoliberismo senza regole e controlli crei benefici a pioggia per tutti. Bla bla bla.

Questa la tesi dell'ultradestra americana, iniziata a circolare in ristrettissimi circoli finanziari (Rockfeller, per dirne uno) agli inizi del XX secolo e che è stata diffusa come il Verbo in tutto l'Occidente, grazie alla cooperazione di Think Tank, i quali infiltrando suoi adepti (mi si passi il tono messianico) nei gangli vitali della società: giuslavoristi, politici, professori universitari, sociologi, giornalisti e quant'altro, ha predicato la politica neoliberista come l'unica efficace, coaudivata dall'introduzione della Globalizzazione all'alba degli anni 2000.

Il Capitalismo senza regole aka neoliberismo, che Piketty mette sotto esame e in discussione, ha raggiunto in pieno gli scopi che si prefiggeva. Il risultato è sotto gli occhi di tutti: meno diritti, diseguaglianze feroci, insicurezze sociali, partiti di estrema destra che tornano a germogliare, accentramento di capitali ingentissimi nelle mani di pochi. Questa deriva plutocratica è – come ben sottolinea Piketty – pericolosissima per la democrazia e per la tenuta sociale, oltre che per il benessere e le tutele a cui ormai ci si è, giustamente, abituati ad avere, in Occidente. Chi è più potente di una Banca d'affari, per esempio, che senza regole, controlli e poca trasparenza, con un click può disinvestire miliardi e mandare in fallimemto intere nazioni, o attività produttive o banche? E che merito c'è nei bonus miliardari di AD di banche o attività finanziarie, anche se falliscono o non vincono da anni (Montezemolo ... in sette anni la Ferrari non ha mai vinto un campionato, premio di uscita miliardario e nuovo AD di Alitalia, la spintarella che le mancava per crollare).

Il cittadino mediamente informato queste cose le vede, le medita, il suo stomaco ne risente. Finché, nasce l'alba di un giorno nuovo e un discreto professore francese, giovane e smart conme il miglior Renzi, dà voce articolata, pacata ma informatissima, un vero panzer da combattimento filosofico dialettico, al malcontento globale del cittadino occidentale.
Orsù, tappatevi le orecchie di fronte alle ultime sirene neoliberiste, ascoltate il canto del nuovo Marx. Marx? Ma per piacere, non più marxiano di Roosvelt o di HRM the Queen, sì, Lei.

Infatti, infatti...Il saggio di Piketty è importante perché rimette in discussione, in maniera non ideologica ma sensata, ben documentata e con argomenti incontrovertibili, un intero sistema di pensiero imperante da oltre trent'anni, in occidente: il neoliberismo.

La prima parte è un lungo excursus storico sulla produzione, la detenzione e la distribuzione del capitale, molto interessante. Nella terza e quarta parte si arriva al nocciolo dell'attualità.
Leggendo, si imparano mote cose interessanti che sono credo, sconosciute ai più: proponendo come mezzo per abbattere le enormi diseguaglianze, una tassazione progressiva mondiale sul patrimonio (si parla per i patrimoni in miliardi di un massimo del 2%, o del 5%, cosa che non intaccherebbe affatto lo stile di vita dei detentori di cotanto patrimonio, ma abbatterebbe il capitale improduttivo, autolievitante come il lievito per la pizza...che crea squilibrio e potenzialmente pericoloso), ci ricorda come tassazioni progressive fino all'80% per i grandi patrimoni siano state introdotte negli USA da Roosvelt (il più elitario, per origine, dei presidenti moderni e non certo un bolscevico...) per quasi 25 anni, alle soglie dell'era Regan. E come il massimo di tassazione sui grandi redditi sia stata attuata in Gran Bretagna, pari al suo massimo picco, al 98%: vere e proprie espropriazioni che evidentemente avevano lo scopo di intaccare patrimoni immensi e improduttivi, visti come dannosi per lo svolgimento delle attività dello Stato. Quasi un intervento di angioplastica, fatto per evitare che il sistema paese collassasse.

Un testo e una proposta molto coraggiosi e sensati, questo di Piketty, già per il fatto di uscire dal coro neoliberista che ancora si sente cantare per ogni dove, proposta tuttavia, per stessa ammissione dell'autore, ad oggi piuttosto utopica ma un primo passo per iniziare un dibattito democratico. Solo conoscendo si può discutere, si possono vagliare alternative, si possono schivare gli inghippi di un sistema e smascherare chi ce lo vuol vendere per buono. Poi occorre trovare politici altrettanto coraggiosi (onesti?) da mettere in atto questi progetti di equità, trasparenza, efficienza e merito vero.Io in giro non ne vedo molti, dopo l'Obama ormai dump Duck.
oluzione è iniziata in Francia?
Comunque, in caso di bisogno... io mi rendo disponibile per il prossimo ventennio. ;-)

Breaking News: leggo che il Financial Times ha deciso di assegnare a questo saggio il Financial Times Mc Kinsey Book of the Year Award; Il tempio del Capitalismo incorona il miglior critico del Capitalismo. Vuoi vedere che un'altra rivoluzione è iniziata dalla Francia? :)

Joe says

I will steal my short version review of this book from the fictional review of a "Cones of Dunshire" (Parks and Recreation) review: Punishingly intricate.

What makes this book so effective is what makes it such a difficult read: Math. Piketty shows his work by going through all of the statistical, economic, sociological, etc etc etc, data he could get his hands on. He correctly anticipated the criticism he would receive from the right wing and thusly he makes no claims without laying EXTENSIVE foundation for them.

That makes the book a bit of a Catch-22. For those that like his conclusions, the massive amount of foundation laid out getting there is unnecessary. Many of the recommendations he has in his introduction and conclusion are remedies that the left has been recommending for years. However, for those that don't like these conclusions, no amount of foundation would be enough. I dare say many of the negative reviews on this sight clearly didn't read the book and seemed to read only the introduction and conclusion. Here is my impression of those reviews: "How can he possibly make these claims??!!" To those I say, read the book. It's long and you'll be angry the whole time, but it's the only intellectually honest way to make your argument.

This one was a slog at times but in this age of misinformation, I appreciate an author treating me like an adult and for once saying, here's how I got my answer, here are all of my assumptions and why. It seems like a small thing, but as this 685 page monster can attest to...it's not.

Emily says

This is my five stars of "this book changed the way I look at something," not five stars of flawlessness or five stars of thinking everyone in the world should read it. Since I didn't have an opinion before, it would be more accurate to say this book gave me a way of looking at **the structure of wealth in economies over time**.

First things first, for people who read reviews of the book rather than the book itself. This book is not about slamming the rich; Piketty doesn't talk very much about morality, instead viewing everyone as making rational, yet obviously self-interested, decisions in the environment they see before them. On the flip side, he is not as concerned about the poor as you might think, although he exhibits worry about the hollowing out of the post-war middle class, which benefitted from the capital that drifted away from the very rich, but is now losing their share. The charge that Piketty is a Marxist is risible. Part of his concern is to alleviate inequality and thus *prevent* the kind of revolution that a true Marxist would consider necessary. He has some unflattering things to say about Marx (Piketty's an academic, so it's not "GODLESS COMMIE!!1!1!!" but pretty darn scathing) and even less nice things to say about the Soviet attempt to run a Communist state.* Piketty suggests some rather utopian measures, but in principle, they're not much more than extensions of concepts and structures that already exist. And the principle, by the way, derives from 18th century documents. He refers to the Declaration of Independence, but being French, what he's really building on is the Declaration of Rights of Man. If you're an adherent of the Club for Growth and reading this book in order to be infuriated, it's going to be a long slog with very little to keep your furnace going from one stats-filled chapter to the next.

On the highest level, the argument of this book is that the structure of wealth that the rich Western countries experienced in the mid 20th century was an anomaly. Unfortunately a lot of the laws of economics were formulated then and are flawed tools for analyzing the world today. Piketty explores the circumstances under which the return on capital is higher than the growth rate, and what distribution of wealth results when that (r > g, in his shorthand) is true. This is hard to explain without writing a review as long as his book. Suffice to say that when r > g, money socked away in the past earns faster than a worker can earn through his labor today, which means that wealth snowballs in the hands of a small number of people without others having a chance to catch up. G was unusually high in the 20th century due to a variety of factors: immigration in the U.S., new technology, war, inflation in the post-war period intended to melt away national debts, and so forth. Growth is likely to slow compared to the mid-20th century and returns on capital are likely to increase as wealthy people and institutions have access to more efficient investment vehicles, so Piketty predicts that capital inequality will grow, such that eventually society looks more like it did in the Belle Epoque. Despite the faith of post-war economists, "there is no natural, spontaneous process to prevent destabilizing, inegalitarian forces from prevailing permanently." Through the bulk of the book, Piketty's aim is to document the structure of who in society held what wealth, and what kind of wealth, when--and to systematically demonstrate how the present day is more like (say) the 1910s than the 1970s and on a trajectory to become even more so. Relatively few pages are devoted to his prescriptions for getting back on a more sustainable path, which is why I would recommend this book even if you are dead-set against his ultimate conclusion.

An additional flourish on this argument is the difference between rentiers and what Piketty calls "supermanagers," generally corporate leaders who earn huge salaries. Whereas in the past the most wealthy were rentiers, who owned and inherited things like land or bonds and collected rents or interest on them, the wealth of supermanagers comes through their present labor. Or at least it starts there, but their income is so large that it quickly becomes a traditional fortune, so that these people can be rentiers and supermanagers at once. I found myself wondering as I read these parts whether we in the U.S. would tolerate a non-working class of the very rich. Generally we Americans feel obliged to make a nod towards work; even Paris Hilton claims to be an actress. Do we really want our own class of Bertie Woosters? Piketty doesn't ask this question, but it quickly came to me as an American reader and seems representative of the kinds of questions of the spirit of fairness and democracy that underpin the whole enquiry.

One of my favorite things in the book is how Piketty uses literature to illustrate his historical points, particularly the writing of Balzac and Austen. Since I don't personally know anyone from the 19th century outside of books, his use of familiar characters really brought those points alive for me. Piketty manages to shed light on economics and history at once. For example, there's a worthwhile discussion of how it's difficult to talk about quantities of money in the past in a way that is consistent, due to changes in the marketplace; "French purchasing power expressed in terms of oranges increased tenfold, and expressed in terms of bananas, twentyfold." Elsewhere, he talks about how Austen could specify a young lady's fortune and be confident that any reader would know what annual income would derive from it and what kind of lifestyle she could afford. Not only that, but the size of the fortune would mean the same thing to a reader fifty years later, due to the lack of inflation at that point in history. (Contrast that with a hilarious ad I once found in the Forbes magazine library while interning there. In a 1978 issue, a young man was posed leaning on a sports car with the bold headline: "Can you believe this man makes *$34,000 a year*?")

I'm sure other readers found all the literature stuff a distraction, but I didn't, and in fact one of my favorite things about the book was how wide-ranging it was and how it caused my mind to spark off in other directions while reading. I have few critiques to offer and I don't think nitpicking individual datasets can undercut the concepts the author is trying to introduce. I would say that he is more invested in offering a data set and a way of looking at the history of wealth than he is in actually getting the reader to embrace a global tax on capital. He doesn't talk very much about the fact that a poor person in an affluent Western country today has far more material comfort than a poor person in the 19th century, which strikes me as both an interesting question and an obvious way to counterargue that present day inequality isn't hurting anyone. He also takes it as a given that the reader views Belle Epoque societal stratification as something we want to avoid in the future, which is true in my case but possibly a little lazy.

At this point, I will admit defeat in my attempt to wrangle the huge variety of facts and arguments into a brief review and leave you with part of the author's conclusion: "If we are to regain control of capitalism, we must bet everything on democracy."

* "[Marx] probably suffered as well from having decided on his conclusions in 1848, before embarking on the research needed to justify them. Marx evidently wrote in great political fervor, which at times led him to issue hasty pronouncements from which it was difficult to escape." And much later, both a burn and a good insight: "Unfortunately for the people caught up in these totalitarian experiments, the problem was that private property and the market economy do not serve solely to ensure the domination of capital over those who have nothing to sell but their labor power. They also play a useful role in coordinating the actions of millions of individuals, and it is not so easy to do without them. The human disasters caused by Soviet-style centralized planning illustrate this quite clearly."

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peiman-mir5 rezakhani says

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Darwin8u says

“Indeed, the distribution of wealth is too important an issue to be left to economists, sociologists, historians, and philosophers.”
? Thomas Piketty, Capital in the Twenty-First Century

This is one of those scholarly books that seem to end up being accidental cultural markers of time and place. I'm pretty sure Piketty wanted his book to be read/discussed/debated, and Belnap/Harvard Press certainly wanted it to be bought. But, I'm pretty sure neither the author nor the publisher was expecting it to do sell like it did (whether it gets read is another matter). My guess is this book will stimulate a lot of debate about the real nature and scope of income and capital inequality AND debate about the proper roll of government in addressing these issues.

What I loved about this book was Piketty's voice, his narrative style. The fact he rejected the theoretical speculation favored by a lot of modern economists and instead went with a historical and data-centric narrative, gave this book juice. He wrote an economics book that demands to be read. I loved how he used literature (Balzac and Austen) as reference points for his thesis about the challenges with income and capital disparities between the 1% and the lower 50%. I loved his boldness. I mean really, it takes some scholarly, economic balls to name your book 'Capital'. It is like walking into a Liverpool pub with a Manchester Untied shirt on. Piketty was provocative right from the start.

Why didn't I rate this higher? I thought his proscriptive approach (Part IV) was a bit naive. I get what he is trying to do. He is setting the flag at the ideal point and letting the politics take care of itself, but his ideal isn't really even on this planet (not even on Planet France). I'm not sure the governing class in any of the major nations he dealt with will ever be ready for a large-scale capital tax, or a global system of taxing and studying incomes. There just isn't any stomach for that. Perhaps I'm a pessimist, but I think we are already governed by system of economic élite domination. It is more likely that a natural disaster, world war, or years of inflation are way more likely to change the current and growing capital inequality in the US and Europe than any preventative, rational, or progressive tax on wealth.

We can barely politically stomach a slight increase to capital gains/dividend tax rates without shutting down government and calls to impeach our president. A one-time, double-digit tax on wealth just won't happen in my lifetime. When 97% of scientists warn us about global warming, but because of vested energy interests and media complicity we find half of our nation believing it is all hype as the poles melt, what hope do we have in preventing millionaires and billionaires from accumulating more wealth? Most will remain ignorant of the problem, apathetic about how that type of income disparity harms democracy, and mostly antagonistic about changing what is perceived to be a meritocracy for a redistributive tax solution. Just not going to happen. I can't see it happening in France, let alone Britain, China or the US.

But that is just me venting my frustrations. The future IS the sole property of the future. I might be wrong. For the most part the book is already doing what he wanted. He's got FT writing and challenging his data. He has Paul Krugman giving supporting data. I'm reading his book instead of a Dan Brown novel. So, my bitching aside, his book has already done 10x what it had every practical right to do. It might just end up being the next John Rawls tome, read by economists, politicians and those tired of Dan Brown novels. I sure hope so.

Scotty Wardle says

It's amazing to me how often Marxism gets repackaged and sold as if it was something new. Piketty's book is a prime example of this. It attempts to resell the already disproven lie about post WWII growth being caused by taxing the rich when in fact very few of the wealthy elite actually paid the 70-90% tax rates. Post WWII growth was the result of the U.S. holding excess gold reserves from Europe and the Bretton Woods conference that made the U.S. dollar the world's reserve currency. Anyone who tells you any different is an idiot, a liar or both.

Economic illiteracy has resulted in the rising support of socialism, even though socialism has failed over and over again. And even though no country has ever allowed pure capitalism to exist, capitalism gets blamed by those who have no idea WTF they are talking about.

What we have today are central banks who micromanage the global economy, screwing over all of the small countries, setting off all kinds of market distortions, and causing one boom-bust cycle after another. Instead of allowing a nation's economy grow at natural rates, the nations of the world have allowed the ruling class to instill various forms of cronyism and corporatism while calling it capitalism.

Save your money and skip over this book. Go straight to F.A. Hayek's The Road To Serfdom, a book that set the record straight back in 1944. You will learn about the roots of socialism and understand that such ideas are not new and will never work, no matter how it gets repackaged.

Kunal Sen says

In a world that is increasingly blinded by ideological polarization, where we first decide what we believe we should believe in and then try to find facts to justify our cherished ideas, Piketty's book comes as a surprise and a reminder that there is no substitute of good scholarship. The first requirement of honest scholarship is to be suspicious of all past ideas and question every single data source. Piketty does just that. He shows respect towards past economists while critically questioning each of their conclusions. He takes advantage of the longer time perspective that he has, and lays out a compelling array of powerful data. His conclusions that are logically sound and extremely sobering in their scope.

When it comes to capital accumulation, wealth disparity, and economic policies, we are as polarized as we could be. Within that environment Piketty has been able to take a few very simple ideas and build a convincing string of factual evidence and impeccable logic to build his argument. He does not have the audacity to believe that economics is a hard science that can dive into complex mathematics and pull out pearls of pure wisdom. He does not believe that economics can really stand apart from all other social sciences and history. The result is a narrative that is convincing, both intellectually and emotionally.

I am no economist, and I do not have the training to say anything definitive about his conclusions. I must admit that when I read articles written by his smart critics, criticizing the book, I find their arguments also powerful and almost convincing. Real arguments should only happen between experts, those who spent a lot of time mastering the complexities of the subject, so that the rest of us can listen to both sides and make up our mind. Piketty's book is powerful enough to unsettle the right. Unfortunately, it has also disturbed the left. The important thing is that the book reignited a debate that was long overdue.

Hadrian says

It is a bad habit of mine to review good books with hyperbole, where I describe a merely good book as a fearsome work of art or a divinely revealed look at the nature of humanity. For here, I'll tone it down a bit: whether you agree with it or not, *Capital in the Twenty-First Century* is a profoundly important book and will continue to dominate economic and policy discussions for years.

The very title is a provocation. The use of the word 'Capital' calls to mind Karl Marx's major investigation on the nature of money, Das Kapital. Piketty is anything but an orthodox Marxist, or anything orthodox at all. His dismissal of the concept of the labor theory of value would upset traditional Marxists, and his conclusions on the natures of capitalist free market systems would anger the neo-Classicals and Austrians.

The second thing you'll notice is that Piketty heavily relies on statistical analysis. Many of his citations lead to an external database, which can be found here. One of the chief struggles in economics is the split between developing theoretical models and statistical analysis. Piketty refuses to build the theory first, and much of the book is structure around the data. The primary focus of his study is France. This is not from national chauvinism, but from the wealth of well-maintained data which dates back to the revolutionary era in the 1790s. He does also refer to other developed countries in Western Europe and the United States. The scale and nature of his methods indicate the scale of his topic - inequality.

The first part of the book is a framing of how markets and national economies work. He begins with a historical examination of other theories, start with the early classical economist David Ricardo and ending with the modern development theories of Simon Kuznets. Piketty focuses on a re-examination of the role between assets and income, and how much capital growth increases faster than the growth of the rest of the economy. If capital incomes are more concentrated than those from labor, then those who get income from stored capital instead of their labor will have their income increase faster than the national growth rate.

This leads to a reinterpretation of the past two centuries of economic history. The most stunning conclusion is that the nature of industrial capitalism will necessarily contribute to further income inequality. The only exception to this rule has been the 30 years after the end of WWII and ending with the oil shock and end of the gold standard.

In France, they call this period the *Les Trente Glorieuses*, or the 'Thirty Glorious Years', but elsewhere we could call it an 'economic miracle', where high growth rates continued and income inequality was at a record low. It was primarily the result of the long period of turmoil between 1914-1945, which destroyed many of the entrenched fortunes of Europe and left the survivors with an interest in instituting progressive policies in order to prevent social instability. This 'golden age', says Piketty, is a historical aberration. All positive development in social issues was the result of this dismantling of inequality. After the 1980s, the progressive welfare states were dismantled, and capitalism returned to a similar form it took in the 19th century.

Now Piketty does make a distinction between the 'rentier' capitalism of the 19th century which was based on large land ownership and the economic system of today. Land ownership has become more dispersed among the 'upper-middle' and 'middle' classes, and there is now a 'professional working rich' class, which includes doctors, lawyers, middle managers, and so forth. However, there is still a high concentration of wealth which is still inherited, and the percentage of personal assets which is inherited in Western Europe today is still comparable to that of one hundred years ago. Lowered estate taxes mean a conversion of entrepreneurial families into a 'rentier' class, which survives on its accumulated income alone. This is 'patrimonial capitalism'.

In this approach, Piketty clashes with the current orthodoxy on income inequality and capitalism. One example is Simon Kuznets' developmental curve, which claims that income inequality will go away on its own once capitalism has achieved a sufficiently high state of development. Piketty goes after Kuznets' lack of empirical evidence, but also for how explicitly apolitical his theory is. Piketty notes that there are three political factors which go against income inequality - wars which physically destroy stored capital, taxes which redistribute it, and inflation which destroys financial capital.

So what happens to developing countries? For India and Africa, Piketty admits these are out of his topic and it's a bit too early to tell. The Chinese will reach the Western European economy within the next century, having achieved 150 years of development through 75 years of pain.

So speaking of the future, what will happen to the United States and Europe? The United States already faces levels of inequality comparable to Europe in the Belle Époque. Will there be a reversal? Piketty differs from the apocalyptic predictions of Marx, and instead firmly says that the future is unpredictable. But economic theories change with the times, as Piketty notes in his introduction. Those theories which hail the endless growth of markets yesterday seem awfully out of date today.

In terms of policy recommendations, Piketty's suggestions are beguiling in their simplicity. In terms of redistribution of capital and re-instituting further recovery, he advocates progressive income taxation, estate taxes, and capital gains taxes. The problem, of course, is political implementation, as these plans are only barely more popular than the alternatives of wars or massive inflation. But still he has hopes for a broader international scheme to shutter tax havens.

The only thing missing is a discussion of the effects of income inequality - why is it so bad in the first place? Those who are in favor of it point to the idea of a meritocracy and rewarding entrepreneurial incentive. Though I will not deny the obvious truth that money matters to investment, the book's data should necessarily be applied to the context of austerity policies, continual cuts to education and social welfare programs according to market fundamentalism. Even if you say that inequality is not a bad thing, lack of opportunity or social mobility more certainly is. There is also the lack of incentive for financial regulation and continued innovation if the highest managerial classes can reward themselves for their own failings.

The book ends with an appeal to the state of economics, and a plea to refer to data and away from the crystal palaces of theoretical models. It is a fitting end to this learned and absorbing book which challenges seemingly all aspects of modern economics. It refers to Balzac's Père Goriot, and economic theory with equal ease. Like Edward Gibbon, Piketty saves infinite scorn for his footnotes. This book has important things to say, and I recommend you read it even if you find his arguments repulsive, for at least you should know what he says.

Jeremy says

Given the amount of hype and misinformation around this book, I'll start by saying what Capital in the 21st century is not about.

This book is NOT:

1. A work of opinion journalism or punditry. Though, obviously, it does contain the views of its author
2. A prescriptive manifesto trying to explain how to utterly eradicate inequality worldwide, though its author does feel constructive steps can be taken to reduce such inequalities.
3. A work of Journalism written in response to the recession of 2007-2008 or to cheaply capitalize on the surge of public interest in matters financial in recent years, though obviously anyone interested in those topics will find it intensely engaging.

This book is a staggeringly in-depth, wide-ranging, rigorously researched, endlessly quantified and qualified work of economic history. Thomas Piketty is interested in wealth. Where does it come from, how do we talk about, how can we understand its history in a modern context and what does its distribution at different levels tell us about our world, and perhaps most of all, how might that distribution be problematic?

In order to attempt to answer these questions, he has collected, organized and presented an unprecedented volume of data, not merely about where wealth is concentrated now, but where it has been concentrated using data from multiple countries going back to the 19th century (and in the case of his native France, even a bit further than that). The real power of this book, and I suspect one reason its been praised/condemned so militantly in recent months lies in its macro-economic, longitudinal perspective. Piketty is interested in what the broadest net of information possible tells us about capital in the modern age. And what it tells is powerful, disillusioning and ultimately humiliates economic dogma of every ideological stripe.

He's so concerned about explicating this information, with breaking it down with a litany of analogies and concrete examples, and with talking about its limitations and potential pitfalls, that at times the reader almost doesn't see the intimidatingly complete picture of modern wealth inequality he has built up. Reading this is like watching an adult walk into a room full of people who have long since forgotten how to be adults. He synthesizes the best ideas from economic thinkers as diverse as Marx, Ricardo, Kuznets, etc while at the same time utterly humiliating their worst ideological tendencies with the sort of data they either didn't have or were simply too driven by their own dogmas to even consider assembling.

The picture he paints of the state of inequality of wealth in our world is harrowing precisely because of how pragmatically clinical it's put together. There is precisely no observable economic force (no free-market, or growth rate or invisible hand) or principle or idea, that will prevent wealth from continuing its already stratospheric concentration into fewer and fewer hands at levels which we haven't seen since the 19th century. Indeed, one suspects the reason so many of the book's historical and cultural references (Jane Austen and Honre de Balzac show up in this book, much to the shock and delight of this overly-humanistic reviewer) come from the 19th century is because, as Piketty shows, we are quickly returning to a world where economic inequality resembles and quite likely will exceed the sort of stratification seen in 1800's europe. In short, all the indicators he presents show a possible future where personal initiative and hard-work will be worth nothing compared to the power of returns on super-concentrated and largely inherited securities and private fortunes.

That any sincere economic analysis could even hint (and this book goes way beyond hinting) that the future of capital would look like the hyperbolic plane of unfathomable wealth and unbearable poverty that animated so much of the 19th century, should give a pause to even the most militant neo-liberal policy advocate. Piketty's conclusions, rooted as they are in a wealth of historical data drawn over a century and a half, are dramatic, alarming and above all, profound. There is no historical example to be found of a society whose concentration of wealth has continued to grow unabated at the level ours has without inevitably facing some profound, usually gruesome sociopolitical upheaval.

Whether the extremely pro-active, and as he admits, pie in the sky, idea of a global tax on wealth is really possible will probably remain to be seen. But the real point is that meaningful, coordinated international action on transparency and taxation is worth attempting. As the book constantly reiterates with a slew of compelling data, the only other force which has ever stemmed the tide of such wealth disparities was the chaotic, murderous world war period from 1914-1945. Surely attempting to address this problem now is superior to waiting for a global blood-bath, or a French Revolution round 2 to tip the scales back. As Piketty's pragmatic reading of economic history proves, no outcome is guaranteed, but numbers can tell you a lot more than nothing.

This is a demanding book, maybe not Hegel or Heidegger-level demanding, but it requires discipline and a willingness to be lead through some very important, brilliantly elucidated data. Piketty has attempted a grand synthesis of economics and history which also incorporates ideas from literature, sociology, politics and psychology. What's more, he has done so in a way which virtually anyone with a high school diploma and a bit of patience can find accessible.

Capital in the 21st century is that rarest of things; a non-fiction book of the moment which could very well prove to be the book of its age. It will certainly haunt my perspective for some time to come. I recommend this book unconditionally.