Capital in the Twenty-First Century: Analysis of Wealth and Income Inequality

Review of forthcoming Book by Economist Thomas Piketty

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Preface by Washington's Blog:

Runaway inequality is also caused by (1) the Federal Reserve'squantitative easing (2) the Fed's attempt to boost stock prices (3) bailouts for the big banks (4) over-financialization of the economy (5) failing to prosecute Wall Street fraud and (6) shipping jobs abroad.

A book due out in March by economist Thomas Piketty, *Capital in the Twenty-First Century*, tracks both wealth-inequality and income-inequality, since around the year 1800.

It reports that wealth-inequality, during the 200 years 1810-2010, peaked just before World War I, and then plunged sharply until 1970, and thereafter rose just slightly.

For example, in 1810, shortly after the French Revolution (1789-1789), the top 1% in France held 46% of the wealth, but in 1910 that percentage peaked at 60%, and by 1970 it had plunged down to 21% and has stayed fairly flat, being 24% in 2010.

In Sweden it rose from 56% in 1810, to 61% in 1910, and then plunged to 17% in 1980, and was 21% in 2010.

In U.K. it was 55% in 1810, 69% in 1910, plunged to 22% in 1970, and was 28% in 2010.

In the U.S., it was 25% in 1810, 46% in 1910, 30% in 1940, 28% in 1970, and 34% in 2010.

All of Europe, as compared to the U.S., was less equal in wealth than the U.S. was before 1960, but more equal than the U.S. has been since 1960: the top 1% wealth-share in Europe was 52% in 1810 (compared to 25% U.S.), 63% in 1910 (45% U.S.), 44% in 1940 (30% U.S.), plunged to 20% in 1970 (vs. 28% U.S.), and was 24% in 2010 (vs. 34% U.S. — now the most unequal industrialized country).

So: wealth in the U.S. is now the most unequal of any Western country, whereas, prior to 1960, it was the most equal.

World Wars I & II hit Europe's wealthiest very hard; and this hit-to-the-rich has greatly increased wealth-equality there.

By contrast, the richest Americans suffered only moderate wealth-loss from the Depression, and none from WWII, but have kept a fairly steady 30%-34% wealth-share since 1940.

This book also tracks income-inequality, which in the U.S. peaked in 1928, plunged during 1939-45 (WW II), then stayed flat, and then started soaring again in 1982, and reached an all-time high in 2007, and came down only slightly thereafter. Income-inequality was higher in Europe than in the U.S. until WW I, but has been higher here than in Europe since then.

Income-inequality in poor countries peaked during the 1940s, then plunged till 1980, and has been soaring since 1990 (as international corporations contract-out work to factories that are owned by local aristocrats there).

The inherited wealth-percentage was high almost everywhere until 1880, plunged from then till 1900, and gradually rose back up again and has been fairly steady at around pre-1880 aristocratic levels since 1970, when all sorts of taxes on the rich (especially inheritance-taxes) plunged in almost every country, as conservative economic theory took over in the wake of Ronald Reagan and Margaret Thatcher.

Thomas Piketty is one of the world's leading empirical economists, and he specializes in empirical studies of inequality of wealth and of income.

His new book, which offers important hypotheses in economic theory to explain the economic changes that it reports, is already being praised as one of the most important works in decades within the field of economics.

Investigative historian Eric Zuesse is the author, most recently, of They're Not Even Close: The Democratic vs. Republican Economic Records, 1910-2010, and of Christs's Ventriloquists: The Event that Created Christianity.

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