



Thomas Piketty, *A Brief History of Inequality*

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Imagine you are alone in an elevator, on the way to the 15th and highest floor of a building. At the 14th floor, the elevator stops and three people get in. After the doors close, you discover that this elevator is “democratic”: after each stop, the direction of travel is determined by majority vote of the occupants. You realize you may be some time reaching your destination; you may even give up after a while and try climbing the stairs.

Democratic procedures are full of such unexpected reversals, as Kevin McCarthy discovered to his cost in January 2023 when it took 15 separate votes for him to reach the top floor of his presumed journey to the Speakership of the House of Representatives.¹ Sometimes that’s a price we knowingly pay for the benefits of democracy. But sometimes it would be absurd to risk paying such a price. Only in a dystopian movie would an apartment building’s elevator travel on a trajectory determined by real-time democratic vote. In an economy with private ownership of housing, it is similarly recognized that owners may undertake house repairs without worrying that their continued right to occupy their homes will be determined by regular majority vote of the residents of the neighborhood.

It’s not in any way anti-democratic to recognize that democratic procedures are more suitable for some kinds of decision than others. Any coherent theory of practical democracy will need to provide some principles. Who should be entitled to vote, and on which decisions and at what time intervals? Should all votes be weighted equally or according to some other criterion? What thresholds should determine outcomes? These are not minor details — get them wrong in one direction, and you will find yourself in a Putinesque

autocracy; get them wrong in another direction, and you will find yourself in perpetual arguments with commissars in your workplace, your living room, and even your bedroom.

To judge by the evidence of his freewheeling appeals to the need for more democracy in large areas of everyday life, Thomas Piketty has thought much more deeply about how to describe and measure inequality than about how to deploy democracy to reduce it. He has been justly admired for his painstaking work documenting the evolution of both incomes and wealth holdings over recent decades in a range of countries, particularly his native France. But it’s fair to say that what made his book *Capital in the Twenty-First Century* a runaway bestseller on its publication in 2014 was not its contribution to the measurement of difficult economic statistics.² It was the moral narrative that went with it, namely that wealth and the accompanying high levels of prosperity were undeserved, and should be the object of massive redistribution efforts. With the Occupy Wall Street movement less than three years old but already almost spent, the book caught the mood of the time, or at least of the progressive inhabitants of the time.

But it was nearly 700 pages long, undeniably difficult in parts, and mixed moral outrage and methodological musing in unfamiliar combinations. As with its successor *Capital and Ideology*, published in 2019 in French and in 2020 in English and running to over a thousand pages, many readers (specialists and non-specialists alike) found themselves wondering how the different parts of the argument fitted together, and whether the expertise displayed by Piketty on some topics carried over to others.³ The normally affable

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¹ <https://www.nytimes.com/live/2023/01/06/us/house-speaker-vote-mccarthy>.

² Thomas Piketty, *Capital in the Twenty-First Century*, (Harvard University Press, 2014).

³ Thomas Piketty *Capital and Ideology*, (Harvard University Press, 2020).

economist Tyler Cowen was blunt, describing the latter book as consisting of about 600 pages that were “a carefully done history of the accumulation and sometimes dissipation of wealth and property” and another 400 pages or so that were “out to lunch” and even in parts “delusional”.⁴ But most readers of books this long are likely to compartmentalize, focusing on what they either love or loathe, because of the difficulty of keeping their eye on the whole picture. For that reason alone, we should be glad that Piketty has chosen to write *A Brief History of Inequality*, because it has forced him to cut the digressions and get to the point: what really matters in the history of inequality, how do the component parts of the argument fit together, and what should be done about it?

The argument can be simply summarized. Inequality of wealth and income has declined dramatically in each of the industrialized countries since the end of the eighteenth century, but it is still unacceptably high, and the decline has recently been partly reversed. In the world as a whole, inequality rose over much of the last two centuries, even if it has fallen recently, and it is still unacceptably high. The rich countries became rich on the back of slavery and exploitation of poorer countries, and owe them reparations. It is imperative to implement massively redistributive taxation, both within and between countries. And societies should be organized according to the principles of participatory socialism (more on this later).

I learned much from this book, particularly on the history of politics in France. And I’m potentially on board with some radically redistributive policies, particularly taxes on inherited wealth. But...as far as I can ascertain, there’s no word or phrase in the English language that precisely denotes the uncomfortable sensation you feel when you’re reading a text whose arguments and information you really like and want to believe in areas on which you’re ignorant, except that on areas where you do know something the author repeatedly doesn’t get it quite right. But there should be — “having the piketts”, perhaps?

Here are four examples of Piketty’s treatment of evidence in areas I know (a little bit) about. First, discussing the effect of slavery on inequality, he shows in Figure 12 a bar chart of the share of the top decile of the population in total income, calculated for nine societies, including Haiti in 1780, Europe in 1910, Algeria in 1930, South Africa in 1950, Sweden in 1980, and Europe, the USA, Brazil, and the Middle East in 2020. On this basis, he concludes that “slaveholding and colonial societies are among the most inegalitarian in history.” (p. 82) History did not begin in 1780, and nor did slavery (as Piketty knows well, having discussed ancient slavery

in Part II of *Capital and Ideology*). Even if it did, comparing eighteenth century Haiti with a group of twentieth century societies would not establish that claim. Still, perhaps the qualifier “among the most” is enough to let this go: Haiti in 1780 was undoubtedly very, very inegalitarian. But no: further down the page Piketty drops the qualifier and asserts “the islands of enslaved people in the French West Indies between 1780 and 1790....hold the prize for inequality in world history.”

Why does Piketty want to make this claim? His evidence does not show that Haiti in 1780 had an even more inegalitarian distribution of income than the Assyrian Empire, the Babylonian Empire, Ancient Egypt, the Aztec, or Inca empires, or any of the other innumerable ancient societies that owned slaves and whose non-enslaved populations were regularly on the brink of starvation. To be clear, I’m not asserting the contrary, since it’s fiendishly difficult to know just how inegalitarian the distribution of income was in these societies (the distribution of wealth is a little easier, but still hard). But I’d wager Piketty doesn’t know either, and if he did know (and it supported his case), he would have said so. Could the answer be that his political narrative depends on it? Does he want his readers to think not only that the European colonial powers benefited from slavery but that they created a uniquely evil institution in world history, and that this institution was the basis for their economic power in the world today? The rhetorical intention of this seems to be to forestall any criticism of his proposals for redistribution as tantamount to defending the evil institution itself. It would have been more straightforward to write what we can all agree, namely that Haiti in 1780 was a horrendously unequal society by the standards of today, and the world is much the better for its passing.

A second example. Discussing the findings of US-based researchers that link parental income to students’ educational record, Piketty writes (p. 176) that “the results are depressing: the parents’ income predicts almost perfectly the child’s chances of going to university”. Wow — “almost perfectly”! Does he mean that if you know the parents’ income you know almost surely whether the child went to university? That would be really startling educational apartheid. Well no, it doesn’t mean that, as a glance at the accompanying Figure 31 indicates. It means that the average probability of gaining access to higher education is not constant across income classes but increases almost exactly linearly with income. The steepness of the curve is indeed shocking, but even at the bottom percentile, the probability is still nearly thirty percent. The claim that a linear function of income percentiles predicts the probability of that child’s going to university “almost perfectly” is true only in the banal sense that the number of lottery tickets I buy predicts almost perfectly my chances of winning the lottery, which increase almost proportionately

⁴ <https://marginalrevolution.com/marginalrevolution/2019/12/capital-and-ideology-by-thomas-piketty.html>.

with the number of tickets I buy. I still don't know whether I'm going to win the lottery or not. The use of the term "almost perfectly" is pure spin on Piketty's part.

A third example. In Figure 36, Piketty shows the evolution of the ratio of the average income of the 10% of the world population living in the richest countries and the 50% living in the poorest countries. This rose from around 4 in the mid-nineteenth century to over 16 by 1980, a startling and disturbing development. But from 1980 to 2020, it more than halved, to a little over 8. Piketty says nothing about the reasons for this fall, but goes on to inveigh against policies of "deregulation and commercial liberalization" — which, he claims, have "helped permanently weaken the fragile process of constructing a legitimate government and state power in the global South" and which constitute a deliberate proposal to bring about "the impoverishment of countries in the global South". This is agitprop, not serious history. He nowhere acknowledges that the overwhelming reason for the fall is the acceleration of economic growth in China and India. You don't have to believe that this growth is unproblematic, or that it results from following the undiluted Washington consensus, to accept that a significant degree of deregulation and liberalization played a major part in the improvement in the growth trajectories of these two countries. It is astonishing that Piketty does not tell his readers this.

A fourth example. In his book *The Great Divergence*, published in 2000, Kenneth Pomeranz proposed two main reasons why North-West Europe pulled ahead of China in economic development from the late eighteenth century onward.⁵ These were Europe's fortunate access to supplies of coal, and its trade with the Americas, particularly in commodities such as sugar and cotton that made use of both abundant land and slave labor. Pomeranz's work, which fits Piketty's story well, has been the subject of much discussion, which is still far from resolved — though the research is widely respected even by those who disagree with the conclusions. Different scholars have different takes on whether these two factors (coal and trade) should be considered more or less important than those cited in all the literature on the role of institutions and a culture of innovation, as featured in the work of Joel Mokyr, Deirdre McCloskey, and others.

In their recent book *How the World Became Rich*, Mark Koyama and Jared Rubin report that "subsequent scholarship does not support" Pomeranz's claim that "around 1750 there was little to distinguish the economy of Europe from that of China", though they do acknowledge the importance of both coal and trade with the Americas for enabling European growth to proceed as far and as fast as it did.⁶ For what little

my inexpert view may be worth, I see no incompatibility between the claims that innovation was crucially important to Europe's growth, and that coal and trade with the Americas were crucially important too. Pomeranz himself admitted that "some differences that mattered did exist" between Europe and China, and focused on arguing that "they could only create the great transformation of the nineteenth century in a context also shaped by Europe's privileged access to overseas resources".⁷ He was not particularly interested in these differences nor in the innovations that resulted from them, but he acknowledged their existence.

Piketty will have none of this. He writes (p. 54) that "recent research has largely confirmed Pomeranz's conclusions regarding the origins of the 'great divergence' and the central role played by military and colonial domination, and by the technical and financial innovations that resulted from it." Of course, Piketty is entitled to his own conclusions from this literature — but he is not entitled to pretend that the literature is united in supporting them. Once again, his reasons for spinning the evidence in this way become clear from the way he refers to "innovations" as resulting from military and colonial domination; this is part of his overall political narrative. Many innovations were indeed the result of military rivalry and had mainly military uses, but it is a travesty of the evidence to suggest that they almost all did. But then, Piketty is deeply uninterested in innovation, a word which appears only five times in the entire book. His rhetorical strategy is to avoid talking about it, lest his readers ask difficult questions about whether Piketty's plans for reducing inequality are feasible and reasonable.

I won't say much about these plans, since they are all asserted rather than argued, without the least attention to the large scientific literature regarding their feasibility. Piketty's political pamphleteering, which occupies a large part of this book, descends regularly into cliché, inveighing against multinationals as if these were self-evidently evil, and even denouncing the sinister influence of those who meet in "smoke-filled rooms" (p. 178), as if this metaphor had not outlived its relevance long ago. It becomes increasingly unmoored from any of the skills in data collection and analysis that have made Piketty's academic reputation.

Let me cite just one example: his proposal for compulsory "participatory socialism", in which suppliers of capital, even if they work for a firm, can be outvoted by the employees once the firm has ten employees or more. He must have pizzerias in mind, not producers of anything more innovative or capital intensive. Piketty does not consider that groups of co-workers can already set up contracts

⁵ Kenneth Pomeranz, *The Great Divergence: China, Europe, and the Making of the World Economy*, (Princeton University Press, 2000).

⁶ Mark Koyama and Jared Rubin, *How the World Became Rich: The Historical Origins of Economic Growth*, (Polity Press, London) p. 213.

⁷ Pomeranz, op.cit., citation from page 4.

that specify such a governance structure. If they choose not to do so that's typically because they know that few investors would dream of supplying capital if they would lose all control in an enterprise once it recruited ten employees or more. It's the ultimate nightmare of the democratic elevator.

But then, Piketty doesn't care much about the incentive problems that might discourage private investors — he probably doubts that private investors should make any important decisions at all in his ideal economy. He certainly shows no curiosity about how venture capital works, and why (I'd recommend Sebastian Mallaby's excellent *The Power Law* for that⁸). But he never clearly says this or

works out its implications; I expect he thinks the state can manage it all. Good luck with that. What the place of all this is in a book calling itself "A Brief History of Inequality" is something I have not been able to figure out. I exited Piketty's rhetorical elevator long before the 15th floor.

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Reviewer: Paul Seabright was Director of the Institute for Advanced Studies, Toulouse, between 2012 and 2021 and, more recently, has been on sabbatical leave at the University of Oxford on a Fellowship at All Souls College. He is writing a monograph entitled *The Origins of Enchantment: How Religions Compete*.

⁸ Sebastian Mallaby, *The Power Law: Venture Capital and the Making of the New Future*, (Penguin Books, 2022).