

CAPITAL in the Twenty-First Century by Thomas Piketty
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"It seems safe to say that *Capital in the Twenty-First Century*, the magnum opus of the French economist Thomas Piketty, will be the most important economics book of the decade. Piketty, arguably the world's leading expert on income and wealth inequality, does more than document the growing concentration of income in the hands of a small economic elite. He also makes a powerful case that we're on the way back to 'patrimonial capitalism,' in which the commanding heights of the economy are dominated not just by wealth, but also inherited wealth, in which birth matters more than effort and talent." [Book cover: Paul Krugman, *New York Times*]

". . . [in] the US case we discovered the vertiginous growth of income of the top 1 percent since the 1970s and 1980s." [Piketty, vii]

Introduction

"Social distinctions can be based only on common utility.
-Declaration of the Rights of Men and the Citizen, article 1, 1789

"The distribution of wealth is one of today's most widely discussed and controversial issues. But what do we really know about its evolution over the long term? Do the dynamics of private capital accumulation inevitably lead to the concentration of in ever fewer hands, as Karl Marx believed in the nineteenth century? Or do the balancing forces of growth, competition, and technological progress lead in later stages of development to reduced inequality and greater harmony among the classes, as Simon Kuznets thought in the twentieth century? What do we really know about how wealth and income have evolved since the eighteenth century, and what lessons can we derive from that knowledge for the century now under way?

These are the questions I attempt to answer in this book. . . they are based on much more extensive historical and comparative data than were available to previous researchers, data covering three centuries and more than twenty countries, as well as on a new theoretical framework that affords a deeper understanding of the underlying mechanisms. . . When the rate of return on capital exceeds the rate of growth and income, as it did in the nineteenth century and seems quite likely to do again in the twenty-first, capitalism automatically generates arbitrary and unsustainable inequalities that radically undermine the meritocratic values on which democratic societies are based. There are nevertheless ways democracy can regain control over capitalism and ensure that the general interest takes precedence over private interests, while preserving economic openness and avoiding protectionist and nationalist reactions. The policy recommendations I propose later in the book tend in this direction. They are based on lessons derived from historical experience, of which what follows is essentially a narrative." [Piketty, pp.1-2]