On the political contradictions of accumulation

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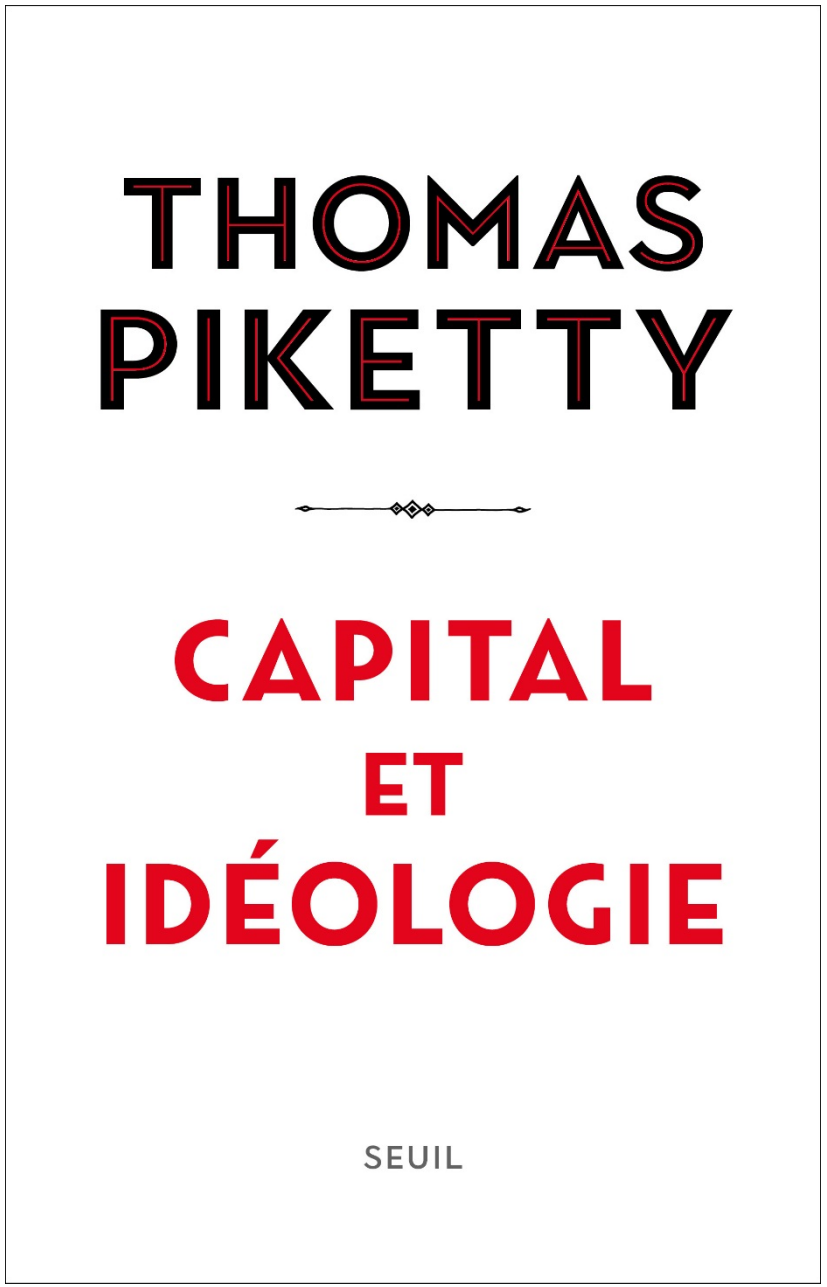


In this talk, I will present some material from my new book (forthcoming in september 2019, Seuil, and march 2020, Harvard UP)

An economic, social & political history of inequality regimes, from trifunctional and colonial societies to post-communist, post-colonial hyper-capitalist societies

As compared to *Capital in the 21st century* (2013): less western-centered, more political and focused on the transformation of ideology

A much better book (I believe!)

This presentation: two points

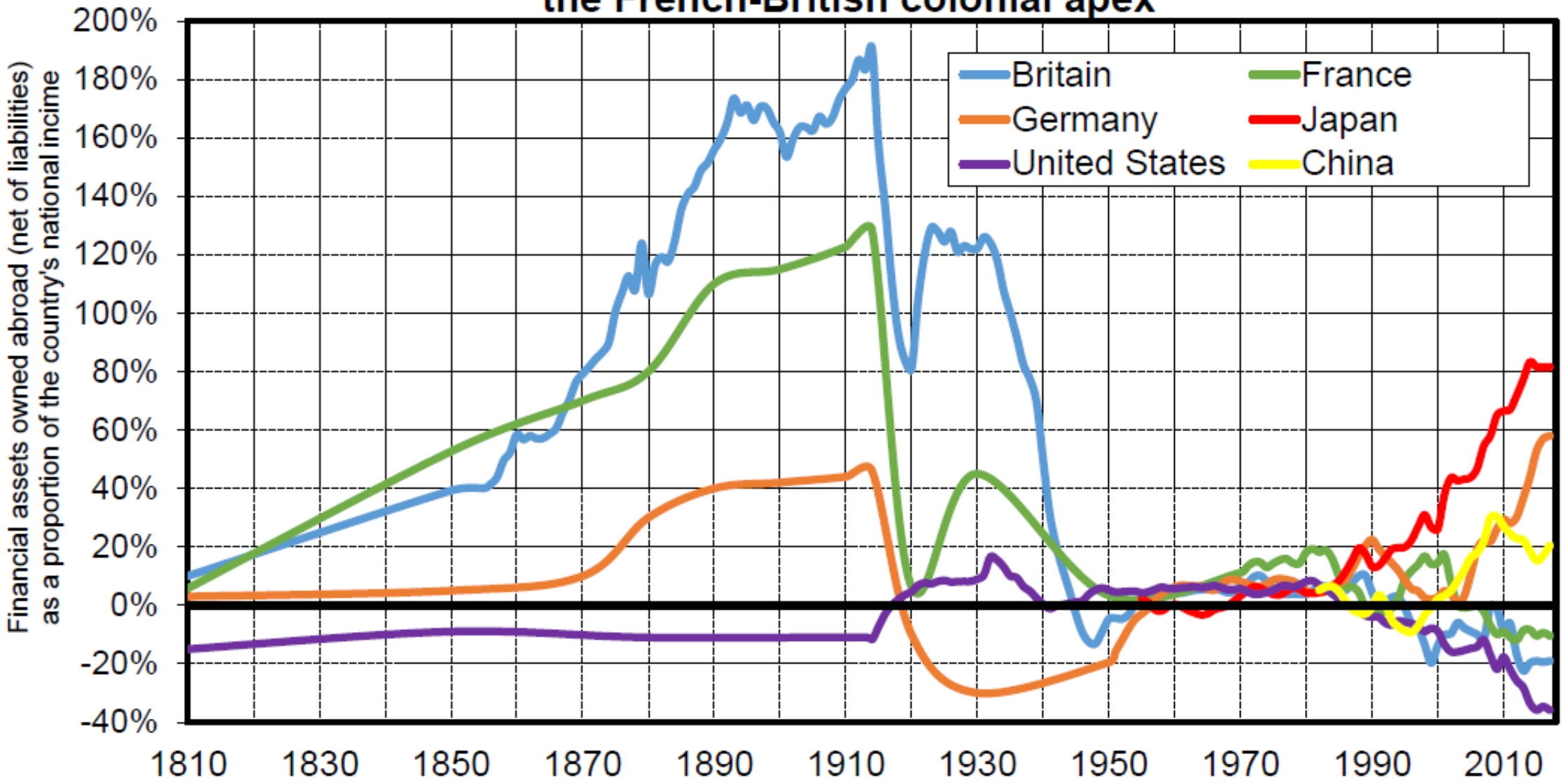
1. On the political contradictions of capital accumulation in the early 20^{c}: rising inequality 1815-1914 + **rivalry between capitalist-colonial powers**

→ fall of proprietarian societies (1914-45), unfinished rise of social-democratic societies (1945-1990), post-communist rebound of neoproprietarian ideology (1990-???)

2. On the political contradictions of capital accumulation in the early 21^{c}: rising inequality 1990-2020 + **rise of pro-rich fiscal and social dumping**

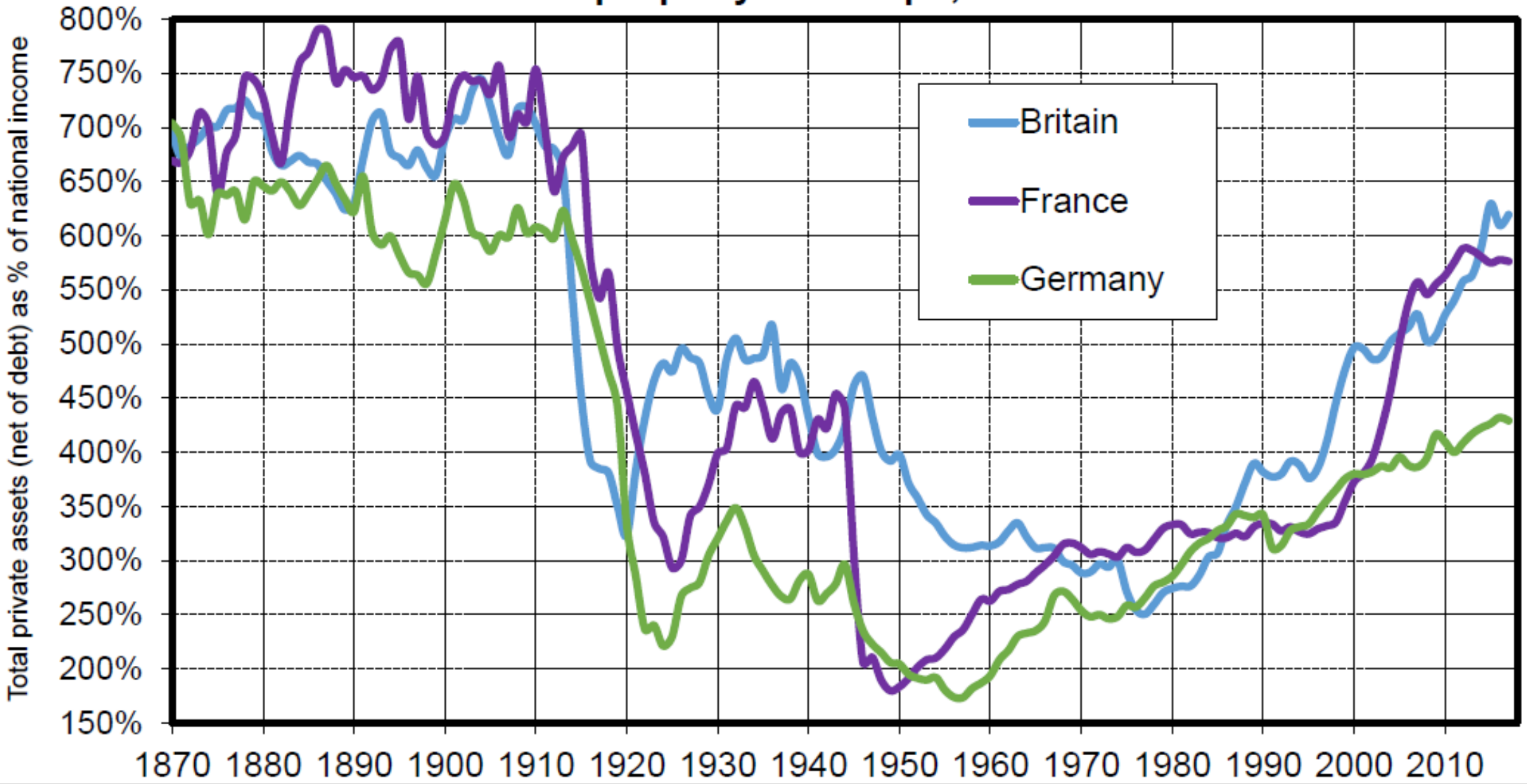
→ weakening of pro-globalization narrative, rise of nativist-proprietarian ideology, (very slow) rise of new forms of socialism: participatory socialism, social-federalism

Foreign financial assets in historical perspective: the French-British colonial apex



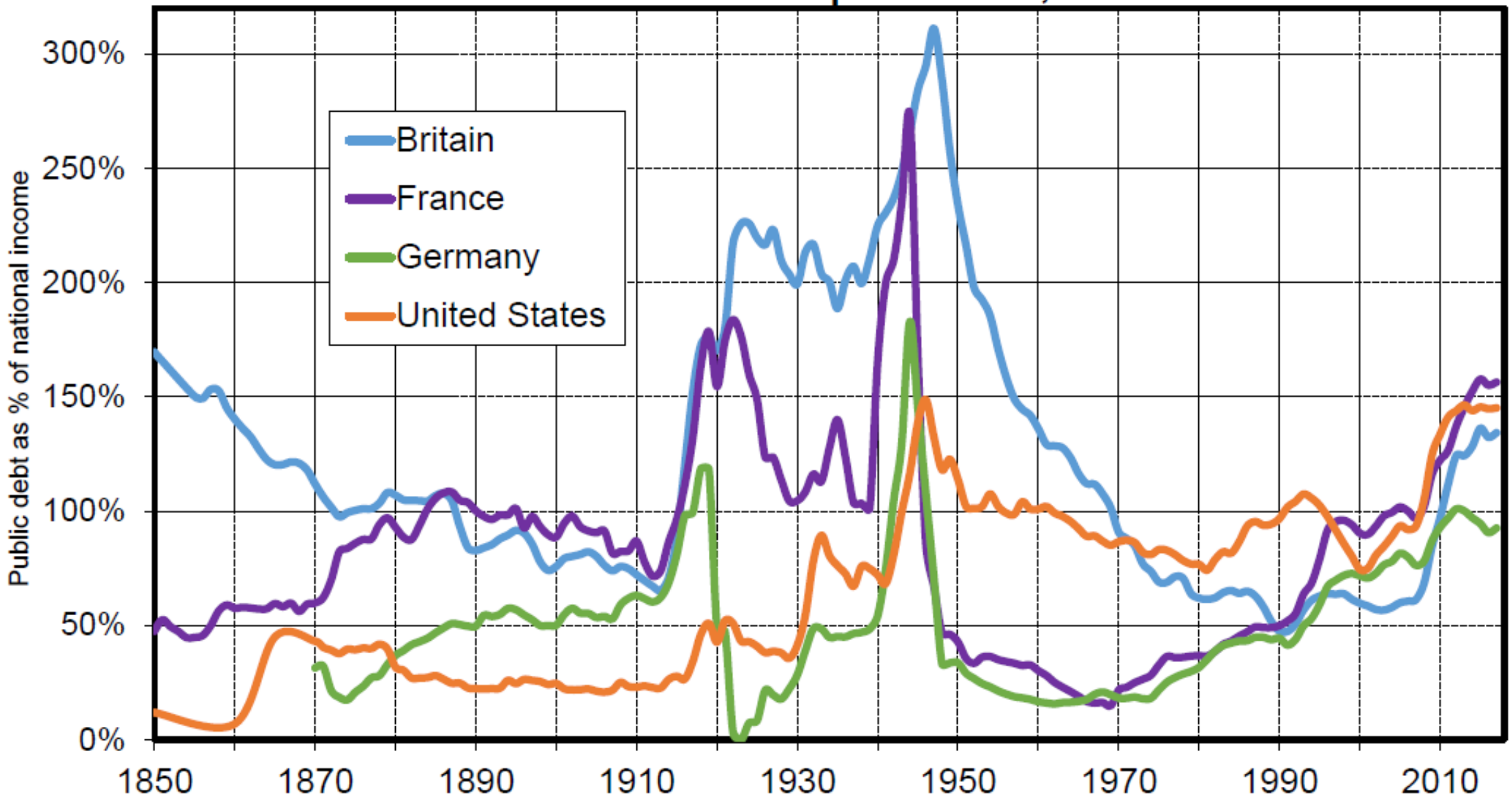
Reading. Net foreign assets, i.e. the difference between financial assets owned abroad by resident owners (including in some cases the governement) and financial liabilities (i.e. financial assets owned in the country by foreign owners), amounted in 1914 to 191% of national income in Britain and 125% in France. In 2018, net foreign financial assets reach 80% of national income in Japan, 58% in Germany and 20% in China. **Sources and series**: see piketty.pse.ens.fr/ideology (figure 7.9).

Private property in Europe, 1870-2020



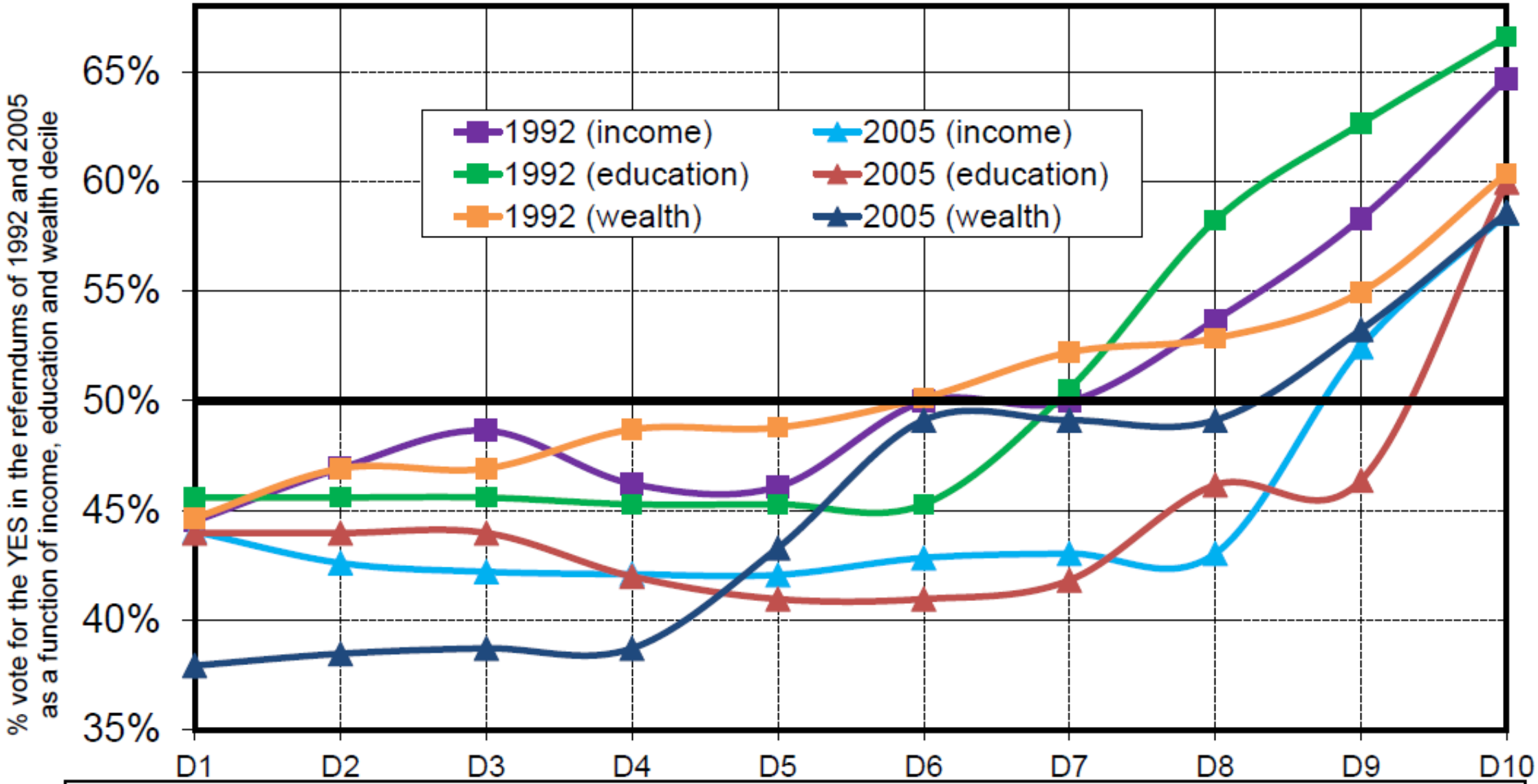
Reading. The market value of private property (all assets combined: real estate, business and financial assets, net of debt) was about 6-8 years of national income in Western Europe in 1870-1914, before falling from 1914 to 1950 and reaching about 2-3 years of national income in 1950-1970, and then rising again around 5-6 years in 2000-2020. **Sources and series**: see piketty.pse.ens.fr/ideology (figure 10.8).

The vicissitudes of public debt, 1850-2020



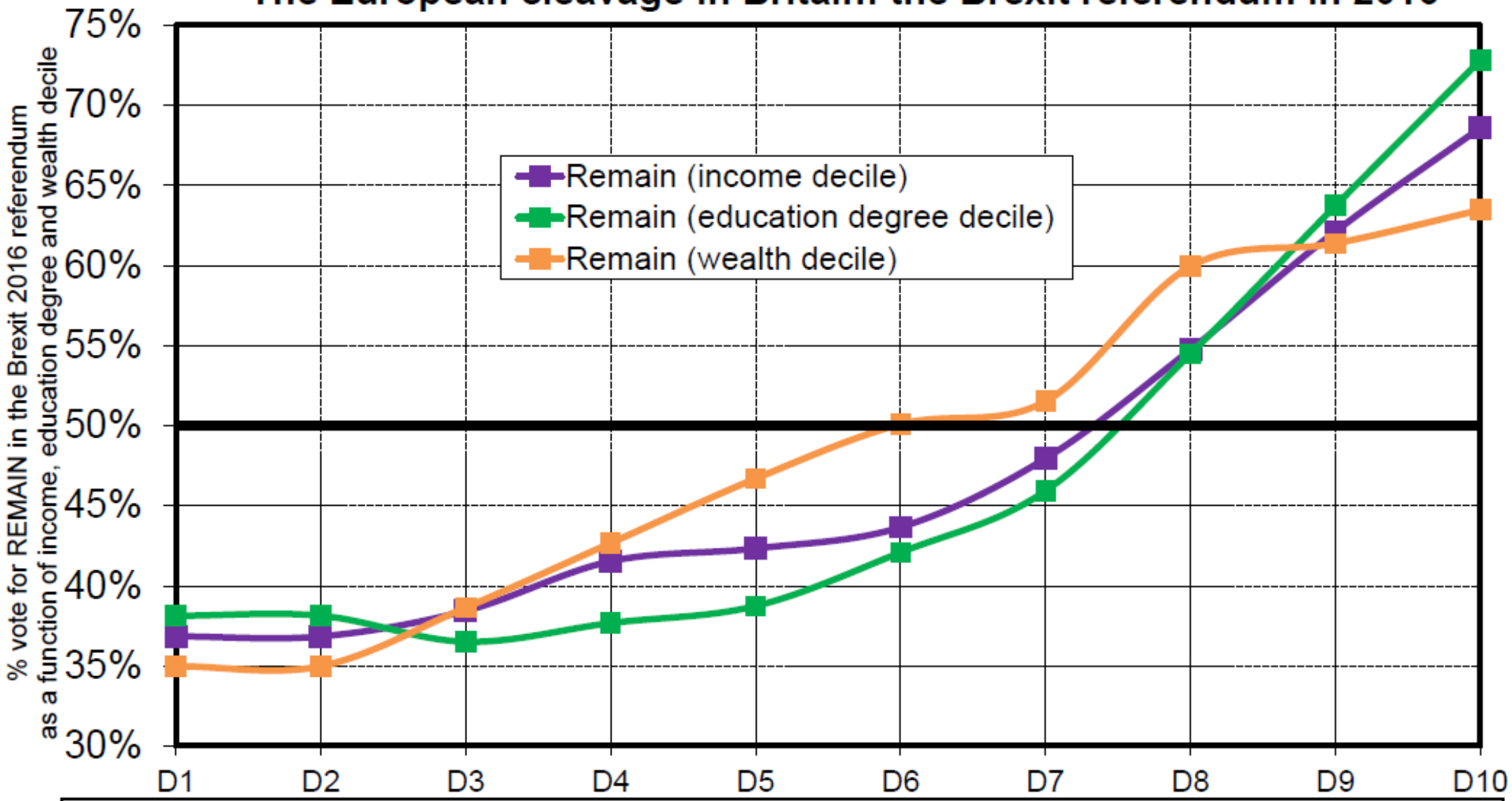
Lecture. Public debt rose strongly after each world war and reached between 1500% and 300% of national income in 1945-1950, before falling sharply in Germany and France (debt cancellations, high inflation) and more gradually in Britain and the U.S. (moderate inflation, growth). Public assets (especially real estate and financial assets) have fluctuated less strongly over time and generally represent around 100% of national income. **Sources and series**: see piketty.pse.ens.fr/ideology (figure 10.9).

The European cleavage in France: the referendums of 1992 & 2005



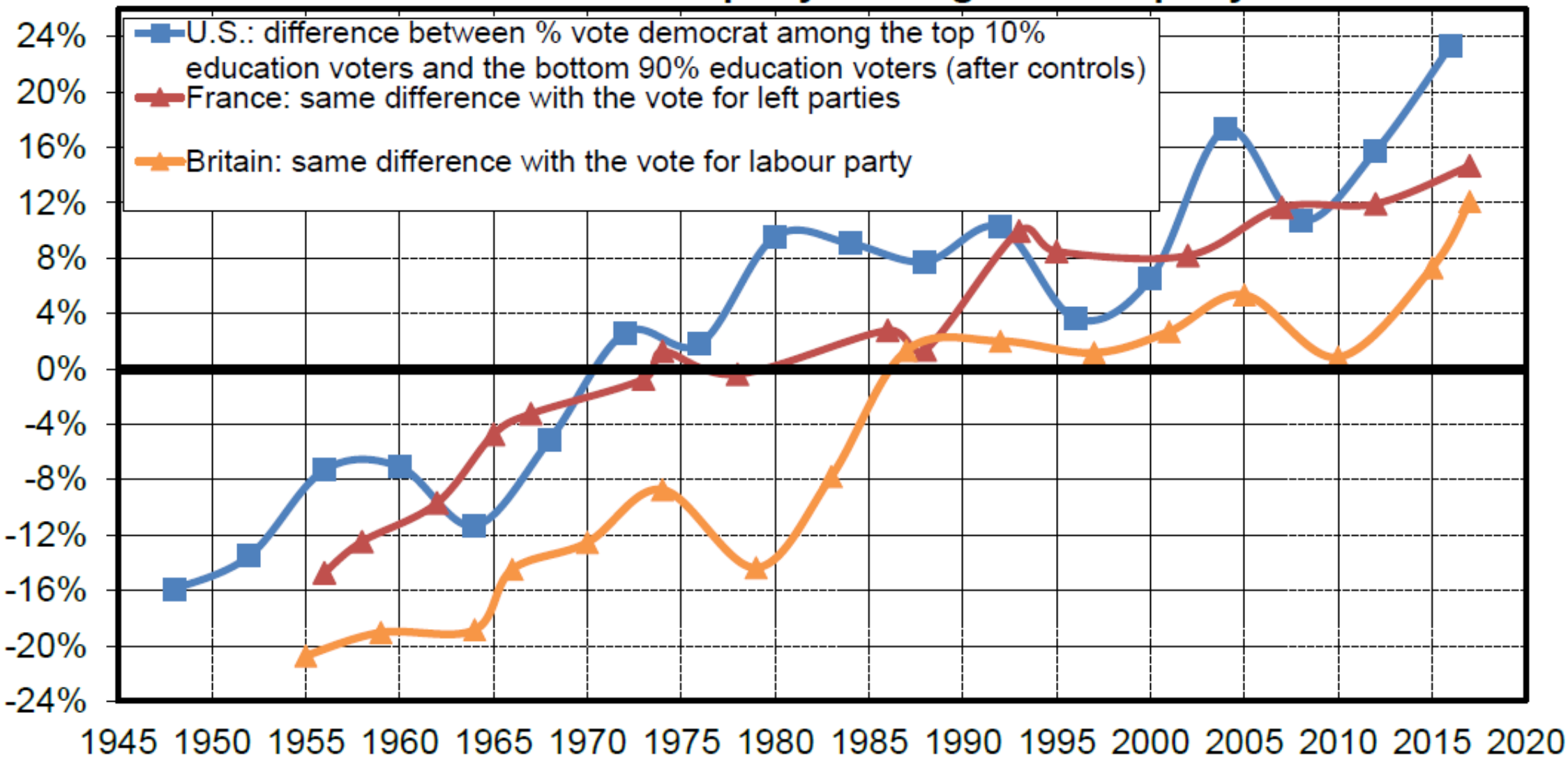
Reading. In the 1992 referendum over the Maastricht treaty ("yes" won with 51%) as well as in the 2005 referendum on the European constitutionnal treaty ("yes" lost with 45%), one observes a very strong social cleavage: top deciles of income, educational degrees and wealth vote strongly for the "yes", while bottom deciles vote for the "no". **Note**: D1 represents the bottom 10% (for the distribution of income, education or wealth), D2 the next 10%,..., and D10 the top 10%. **Sources and series**: see piketty.pse.ens.fr/ideology (figure 14.20).

The European cleavage in Britain: the Brexit referendum in 2016



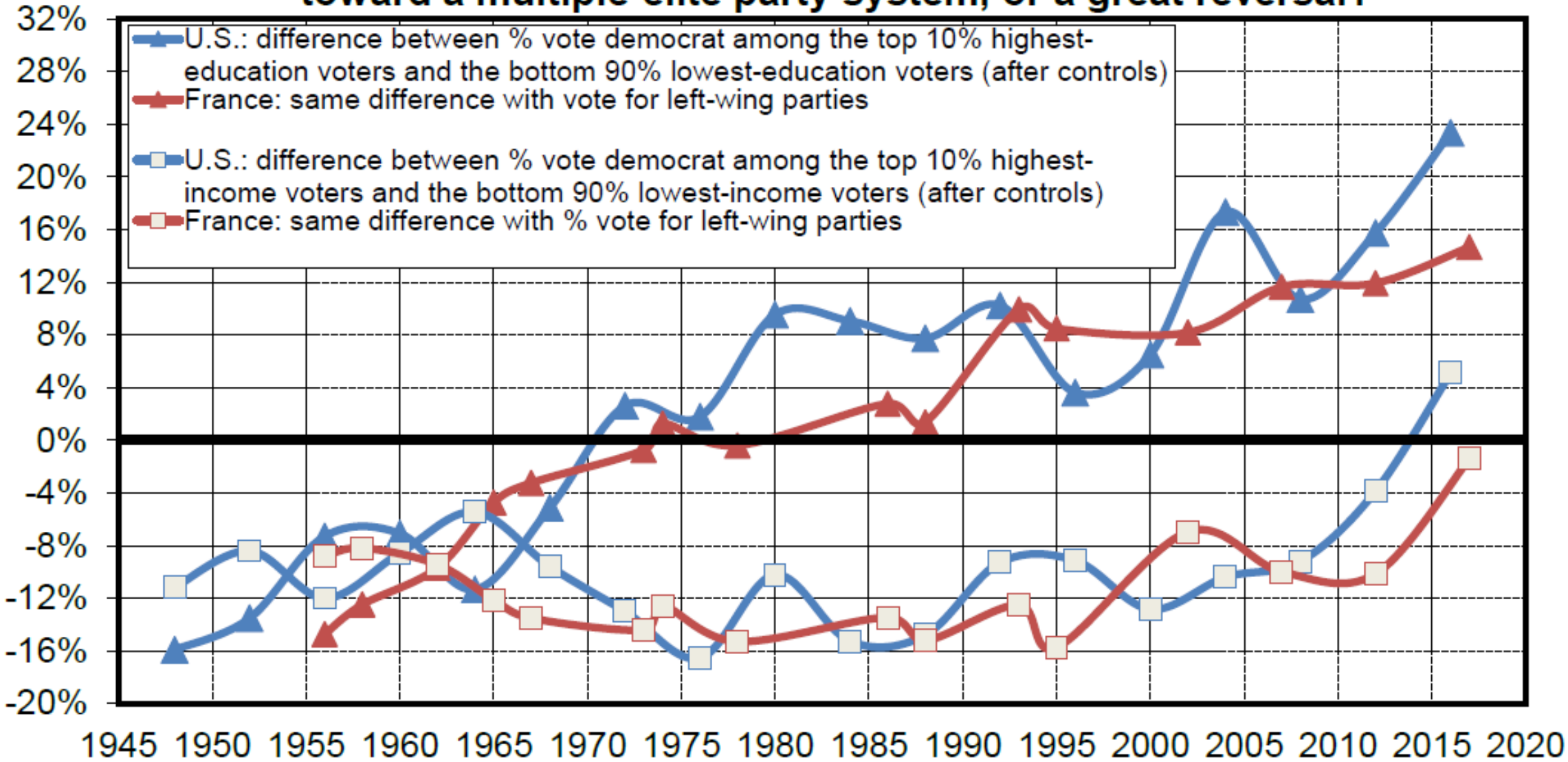
Lecture. In the 2016 referendum over Brexit (victory of Leave with 52%), one observes a very strong social cleavage of the vote: high deciles of income, education degree and wealth vote strongly for Remain, while bottom deciles vote for Leave.
Note: D1 refers to the bottom 10% (either for income, education or wealth), D2 for the next 10%, etc., and D10 for the top 10%.
Sources and series: see piketty.pse.ens.fr/ideology (figure 15.18).

The electoral left in Europe and the U.S. 1945-2020: from the workers party to the graduates party



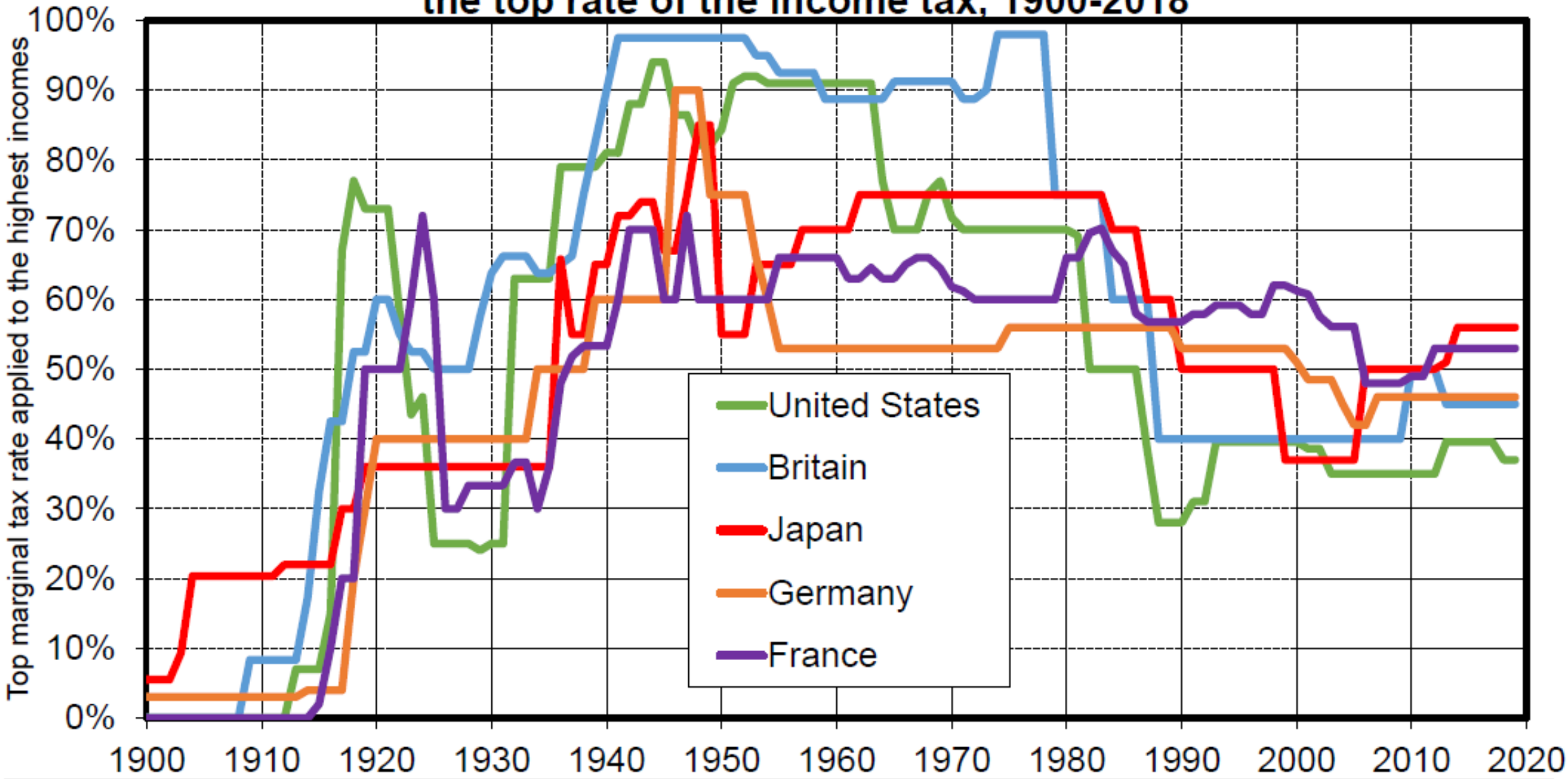
Reading. In the 1950-1970 period, the vote for the democrats in the US., left-wing parties (socialists-communists-radicals-greens) in France and the labour party in Britain was associated to voters with the lowest education; in the 1990-2010 period, it became associated to the voters with the highest education degrees. **Sources and series:** see piketty.pse.ens.fr/ideology (figure 14.2).

The transformation of political and electoral conflict 1945-2020: toward a multiple-elite party system, or a great reversal?



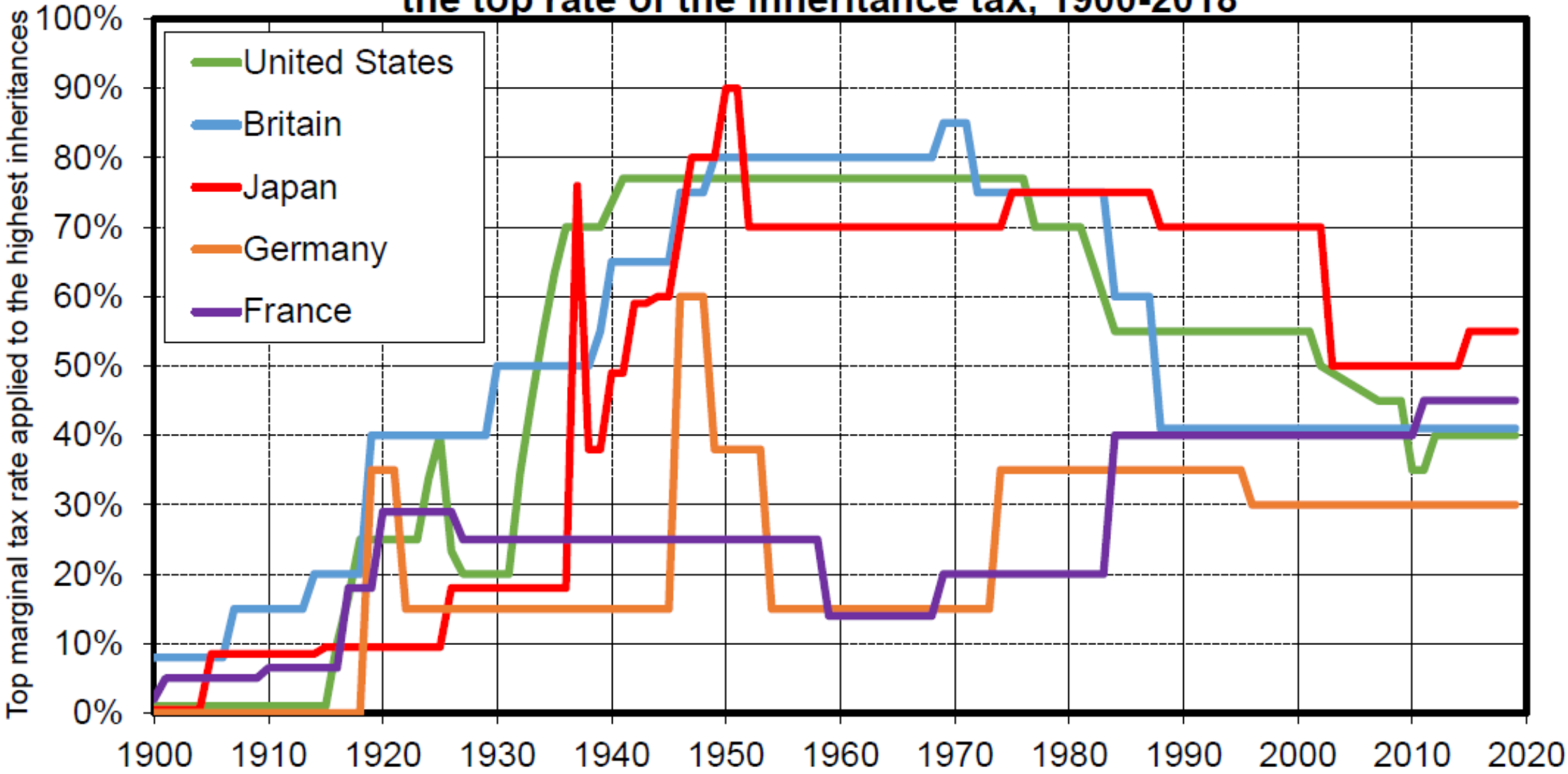
Lecture. During the 1950-1970 period, the vote for the demcratic party in the U.S. and for left-wing parties (socialists-communists-radicals-greens) in France was associated to voters with the lowest educational degrees and income levels; during the 1980-2000 period, it became associated with the voters with the highest degrees; in the 2010-2020 period, it is about to be also associated with the voters with the highest incomes (particularly in the U.S.). **Sources and series**: see piketty.pse.ens.fr/ideology (figure 0.9).

The invention of fiscal progressivity: the top rate of the income tax, 1900-2018



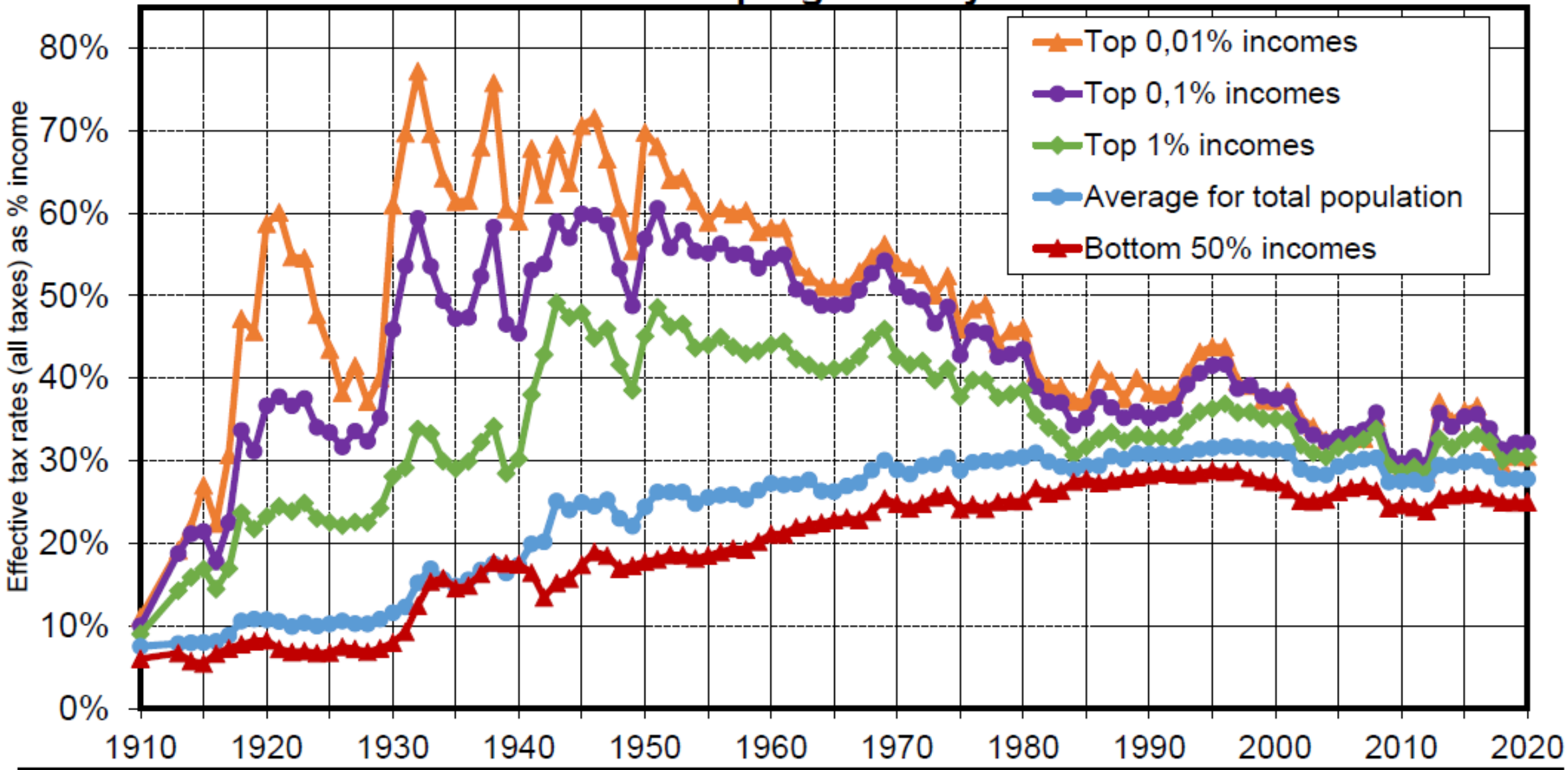
Reading. The marginal income tax rate applied to the highest incomes was on average 23% in the U.S. from 1900 to 1932, 81% from 1932 to 1980 and 39% from 1980 to 2018. Over these same periods, the top rate was equal to 30%, 89% and 46% in Britain, 26%, 68% and 53% in Japan, 18%, 58% and 50% in Germany, and 23%, 60% and 57% in France. Fiscal progressivity was maximal in the middle of the century, particularly in the U.S. and in Britain. **Sources and series**: see piketty.pse.ens.fr/ideology (figure 10.11).

The invention of fiscal progressivity: the top rate of the inheritance tax, 1900-2018



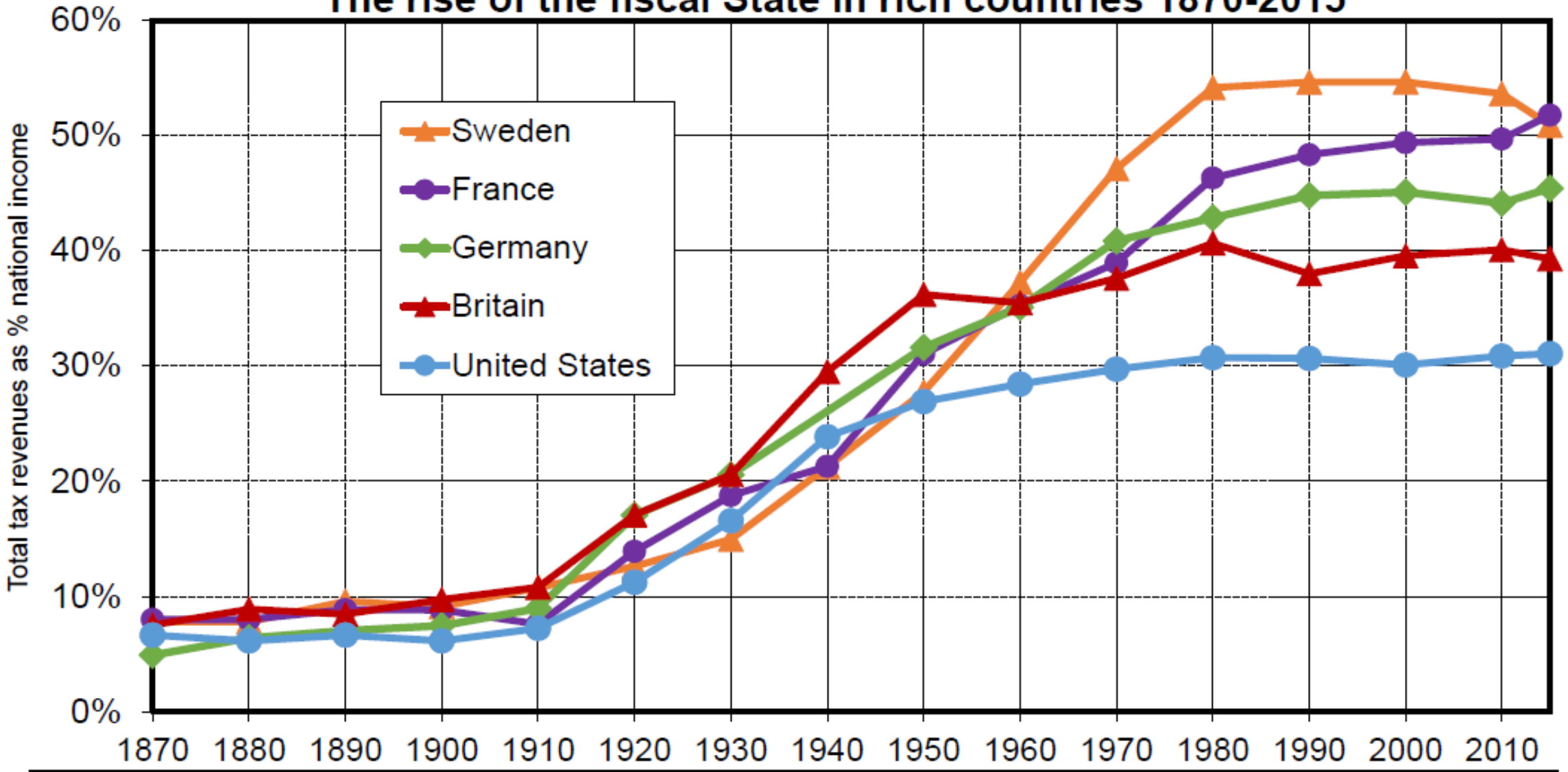
Reading. The marginal inheritance tax rate applied to the highest inheritances was on average 12% in the U.S. from 1900 to 1932, 75% from 1932 to 1980 and 50% from 1980 to 2018. Over these same periods, the top rate was equal to 25%, 72% and 46% in Britain, 9%, 64% and 63% in Japan, 8%, 23% and 32% in Germany, and 15%, 22% and 39% in France. Fiscal progressivity was maximal in the middle of the century, particularly in the U.S. and in Britain. **Sources and series**: see piketty.pse.ens.fr/ideology (figure 10.12).

Effective tax rates and progressivity in the U.S. 1910-2020



Reading. From 1915 to 1980, the tax system was highly progressive in the U.S., in the sense that effective tax rates paid by the highest income groups (all taxes included, and as % of pretax income) was significantly larger than the average effective tax rate paid by the the total population (and particularly by the bottom 50% incomes). Since 1980, the tax system has been weakly progressive, with small differences in effective tax rates across groups. **Sources and series**: see piketty.pse.ens.fr/ideology (figure 10.13).

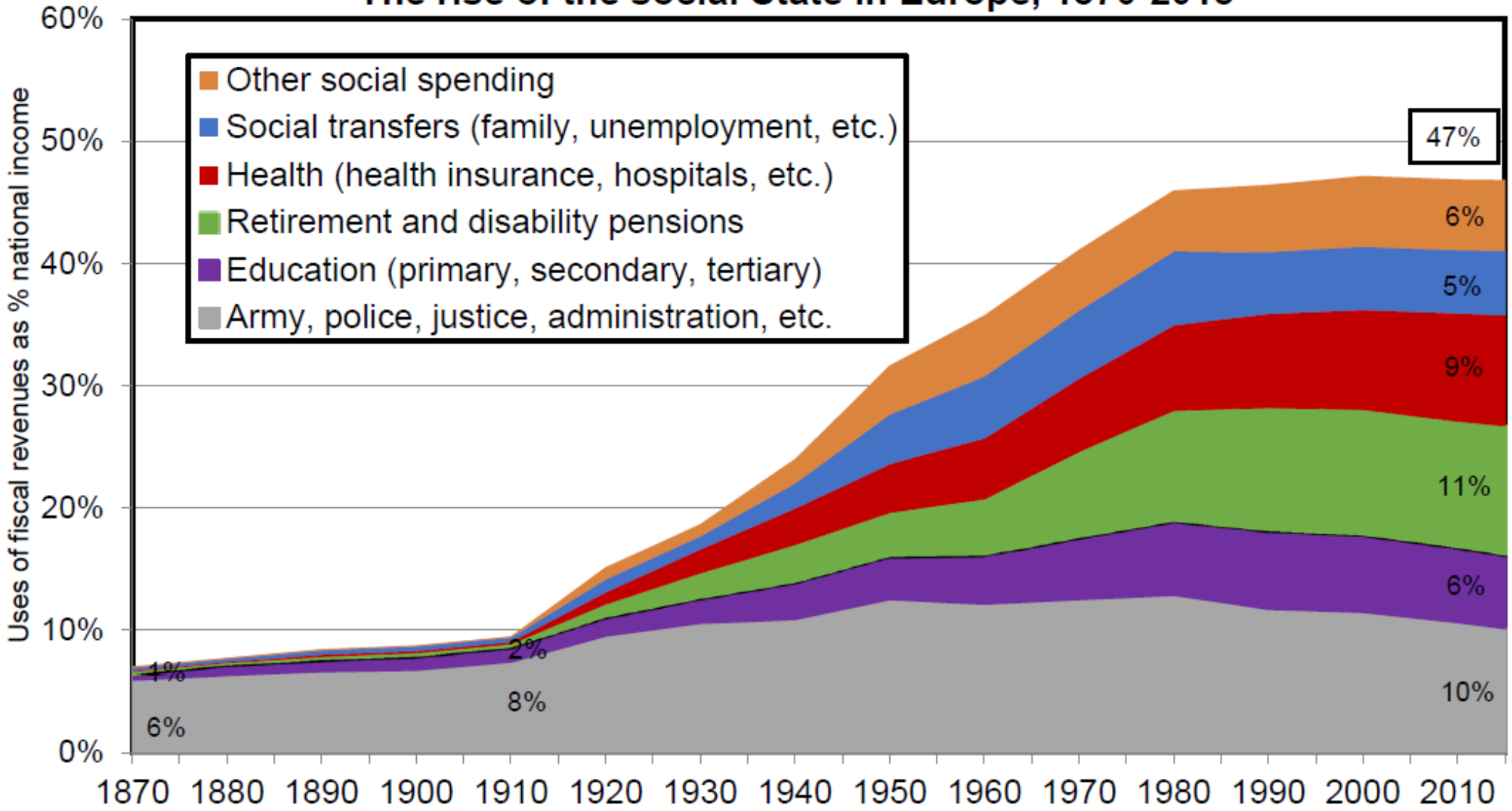
The rise of the fiscal State in rich countries 1870-2015



Reading. Total fiscal revenues (all taxes and social contributions included) made less than 10% of national income in rich countries during the 19th century and until World War 1, before rising strongly from the 1910s-1920s until the 1970s-1980s and then stabilizing at different levels across countries: around 30% in the U.S., 40% in Britain and 45%-55% in Germany, France and Sweden.

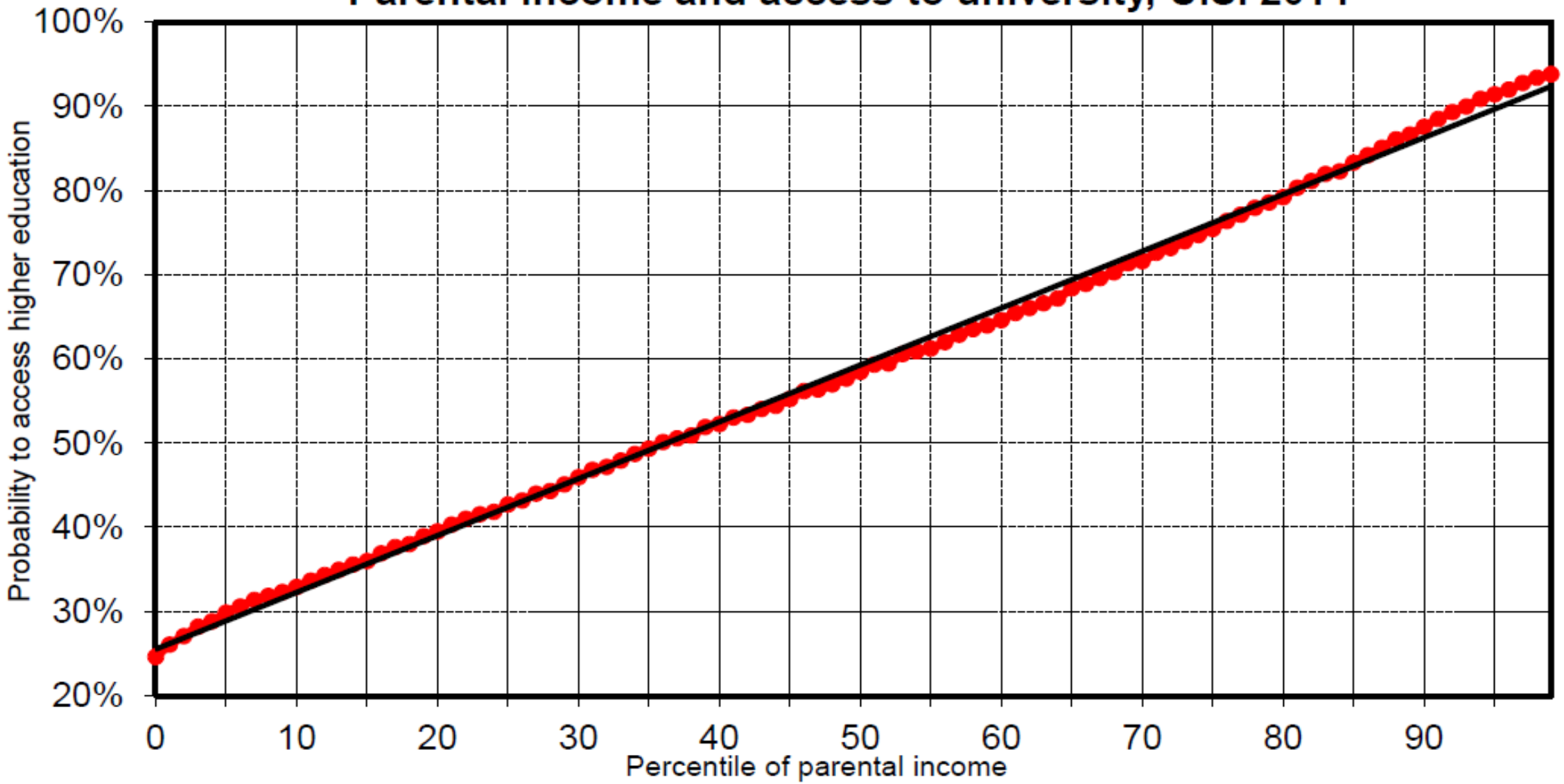
Sources and series: see piketty.pse.ens.fr/ideology (figure 10.14).

The rise of the social State in Europe, 1870-2015



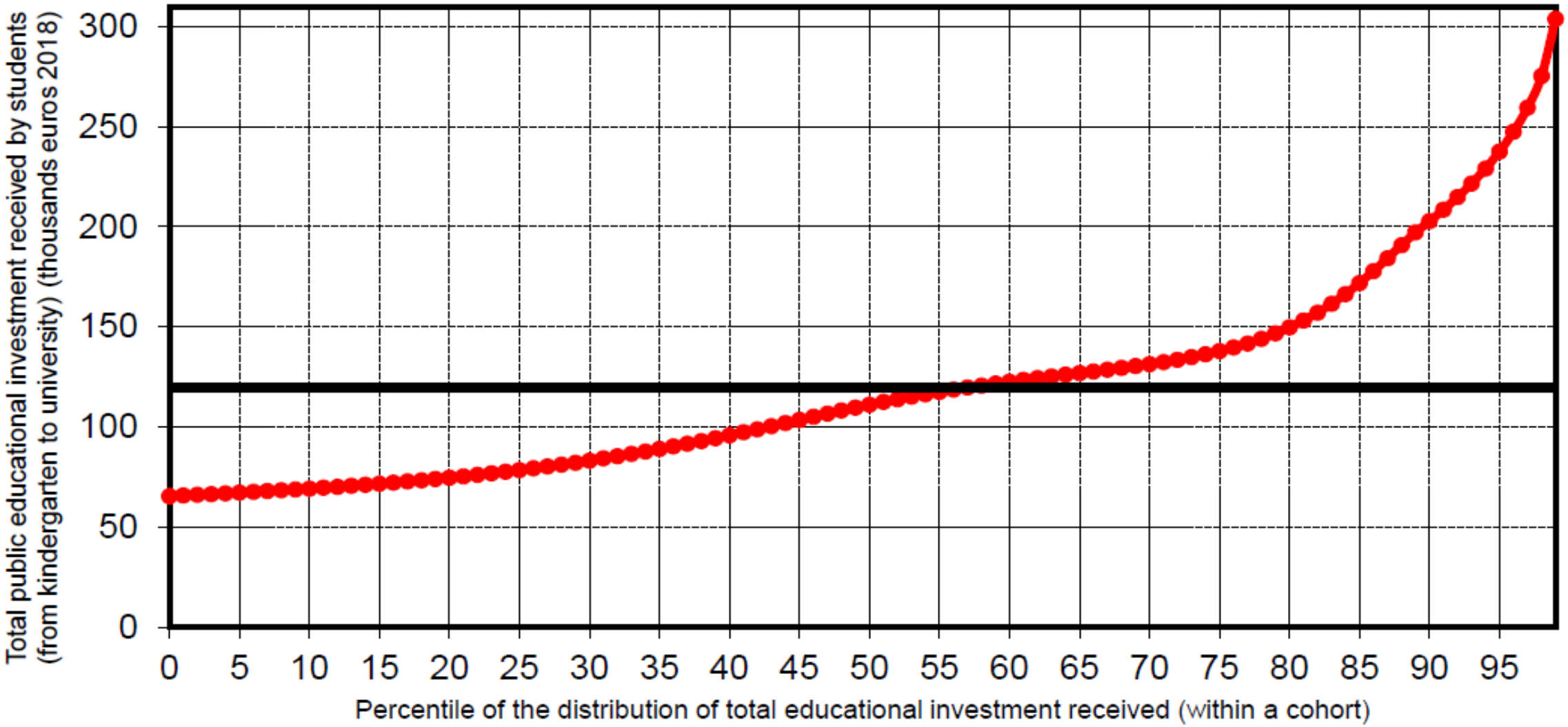
Reading. In 2015, fiscal revenues represented 47% of national income on average in Western Europe et were used as follows: 10% of national income for regalian expenditure (army, police, justice, general administration, basic infrastructure: roads, etc.); 6% for education; 11% for pensions; 9% for health; 5% for social transfers (other than pensions); 6% for other social spending (housing, etc.). Before 1914, regalian expenditure absorbed almost all fiscal revenues. **Note.** The evolution reported here is the average Germany-France-Britain-Sweden (see figure 10.14). **Sources and séries**: see piketty.pse.ens.fr/ideology (figure 10.15).

Parental income and access to university, U.S. 2014



Reading. In 2014, the probability to access higher education (i.e. the fraction of individuals aged 19 to 21 year-old registered in a university, college or any other institution of higher learning) was about 30% among the bottom 10% poorest children in the United States, and over 90% among the top 10% richest children. **Sources and series**: see piketty.pse.ens.fr/ideology (figure 0.8).

The inequality of educational investment: France 2018



Reading. Total public educational investment received during their studies (from kindergarten to university) by the students of the cohort reaching 18-year-old in 2018 will be about 120 k€ (i.e. approximately 15 years of studies for an average cost of 8000€ per year). Within this generation, the 10% of students receiving the smallest educational investment receive about 65-70 k€, while the 10% receiving the most receive between 200 k€ and 300 k€. **Note:** average costs per year of study in the French educational system in 2015-2018 rank from 5-6 k€ in kindergarten-primary to 8-10 k€ in secondary, 9-10 k€ in universities and 15-16 k€ in preparatory classes to *grandes ecoles*. **Sources and series**: see piketty.pse.ens.fr/ideology (figure 17.1).

The circulation of property and progressive taxation

Progressive tax on property (funding of the capital endowment allocated to each young adult)

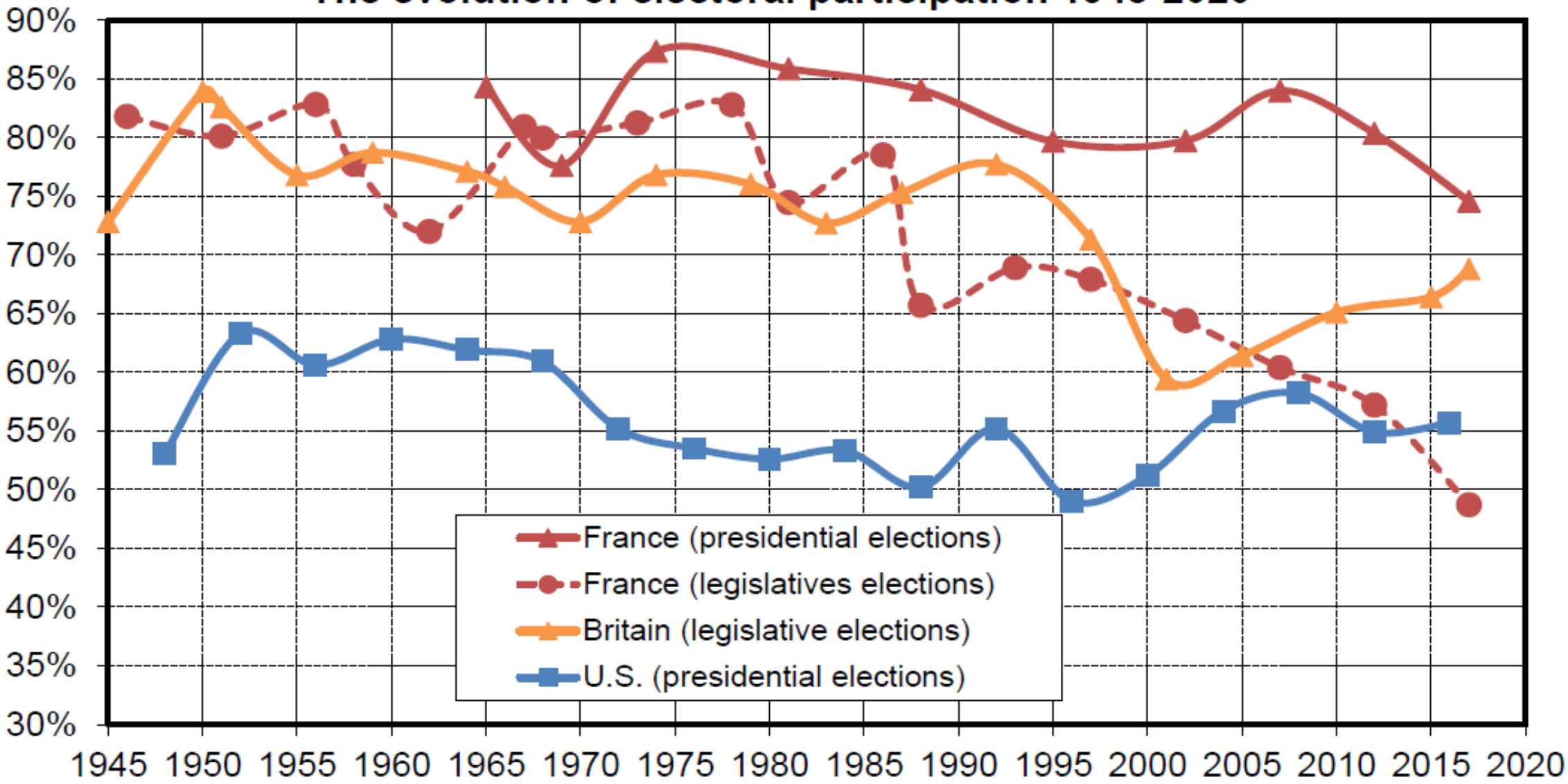
Multiple of average wealth	Annual tax on property (effective tax rate)	Tax on inheritances (effective tax rate)
0.5	0.1%	5%
2	1%	20%
5	2%	50%
10	5%	60%
100	10%	70%
1000	60%	80%
10000	90%	90%

Progressive tax on income (funding of basic income and social and ecological State)

Multiple of average income	Effective tax rate (including social contributions and carbon tax)
0.5	10%
2	40%
5	50%
10	60%
100	70%
1000	80%
10000	90%

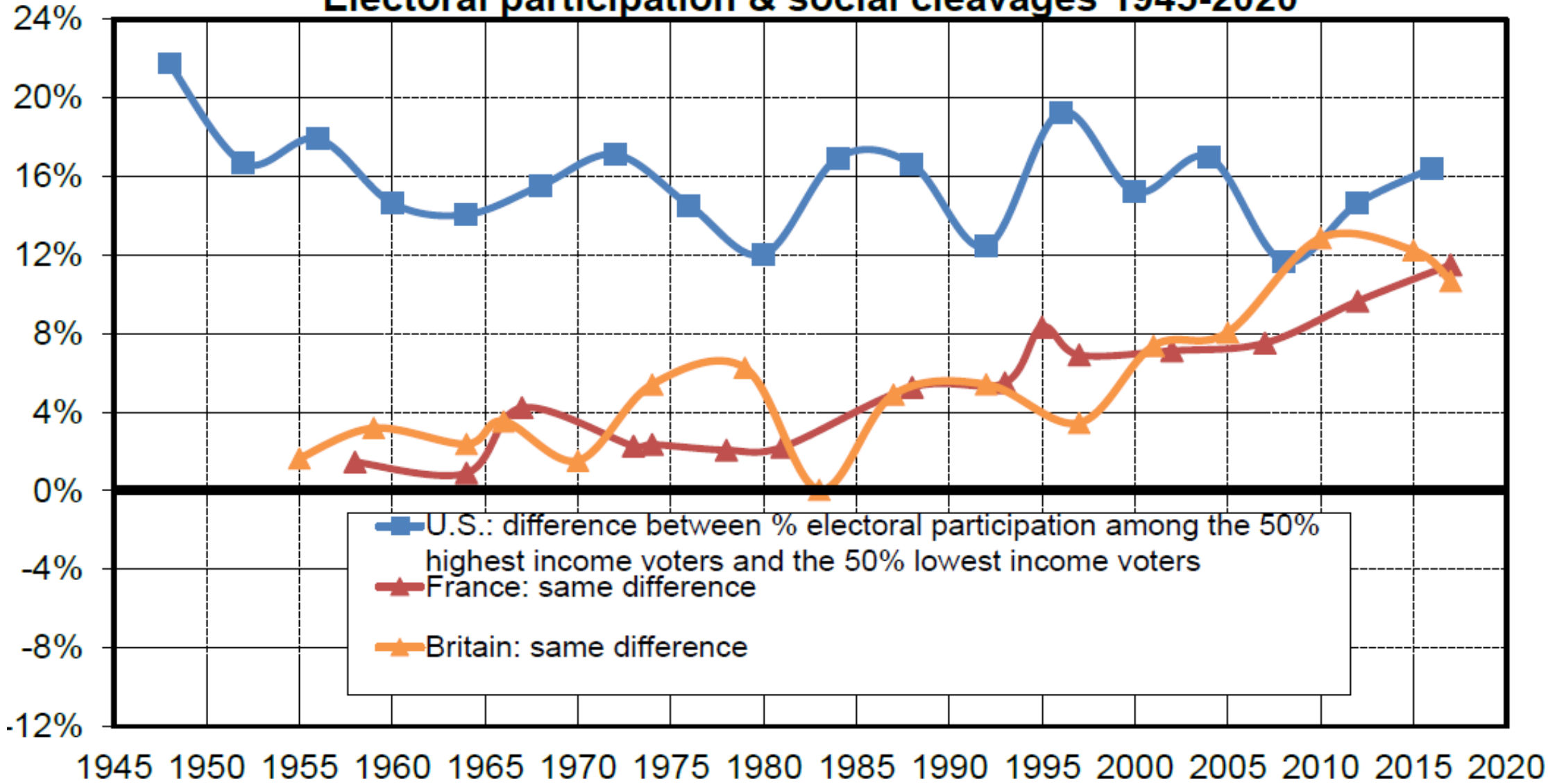
Reading. The proposed tax system includes a progressive tax on property (annual tax and inheritance tax) funding a capital endowment for all young adults and a progressive tax on income (including social contributions and progressive tax on carbon emissions) funding the basic income and the social and ecological State (health, education, pensions, unemployment, energy, etc.). This system favouring the circulation of property is one of the constituting elements of participatory socialism, together with a 50-50 split of voting rights among workers representatives and shareholders in corportations. **Note**: in the exemple given here, the progressive property tax raises about 5% of national income (allowing to fund a capital endowment of about 60% of average net wealth, to be allocated to each young adult at 25-year of age) and the progressive income tax about 45% of national income (allowing to fund an annual basic income of about 60% of after-tax income, costing about 5% of national income, and the social and ecological State for about 40% of national income). **Sources**: see piketty.pse.ens.fr/ideology (table 17.1).

The evolution of electoral participation 1945-2020



Reading. Electoral participation has been relatively stable around 80%-85% in French presidential elections since 1965 (with however a small fall to 75% in 2017). The fall has been much stronger in legislative elections, which was around 80% until the 1970s, and was less than 50% in 2017. Electoral participation dropped in Britain before rising again since 2010. In the U.S., it has generally fluctuated around 50%-60%. **Sources and series**: see piketty.pse.ens.fr/ideology (see figure 14.7).

Electoral participation & social cleavages 1945-2020



Reading. During the 1950-1980 period, electoral participation in France and Britain was at most 2%-3% higher among the 50% highest incom voters than among the 50% lowest income voters. This gap rose significantly since the 1980s and reached 10%-12% in the 2010s? thereby approaching the levels historically observed in the U.S. . **Sources and series**: see piketty.pse.ens.fr/ideology (see figure 14.8).