June 2, 2016

Wealth Inequality: Historical Trends and Cross-National Differences

BASAK KUS

Sociology Compass 10/6 (2016), 518–529, 10.1111/soc4.12378

Wealth Inequality: Historical Trends and Cross-National Differences

Basak Kus*
Department of Sociology, Wesleyan University

Abstract
This article provides an overview of the recent literature on wealth inequality from a comparative and historical perspective. I first discuss how the *stock*, *composition*, and *distribution* of wealth changed from the 18th century onwards. In the second part of the paper, I move on to the causal questions: What factors drive wealth inequality? Why does the distribution of wealth vary across nations? In the third and concluding section I briefly discuss the socio-political challenges posed by increasing wealth inequality, and identify several key questions for research going forward.

Introduction

From the mid-1800s to the early 1900s, wealth in western nations remained significantly concentrated. In the mid-20th century, the disparity in wealth ownership declined in both the US and Europe, only to climb again after the 1970s. In this more recent phase, wealth concentration has been observed most notably in the US—dubbed "the new Gilded Age."

As Keister and Moller (2000) note, despite its extremely unequal distribution, social scientists have not paid sufficient attention to wealth in recent decades. Income has typically been taken as the main indicator of economic wellbeing, and examined extensively, while wealth is largely ignored. This was not always the case. As Piketty and Zucman (2015, p. 1308) note, prior to World War I, wealth accounting was a systematic enterprise. National balance sheets were well established by the late 17th century, and wealth estimates were widely available.[1] The focus shifted from stocks to flows (that is, from wealth to income) only later in the interwar years.

Wealth is too important to ignore, however. To begin with, it has significant impact on social outcomes. Comparative research has shown that parental wealth impacts individuals' educational attainment, occupational prestige, and social mobility independent of the level of income (Bonini, 2007; Filmer and Pritchett, 2004; Meer et al., 2003; Nam and Huang, 2009; Pfeffer and Hällsten, 2012; Pfeffer and Hällsten, 2014; Torche, 2009; Torche and Spilerman, 2008). It has also been shown that the positive association between wealth and health holds after controlling for socio-demographic attributes and household income across nations (Semyonov et al., 2013).

Second, as Skopek et al. (2014, p. 64) note, wealth plays an important role in stabilizing consumption during phases of economic insecurity, such as illness or unemployment, particularly in liberal welfare regimes where social safety nets are meager.

Third, one cannot understand the true nature of economic inequality in a society without studying the distribution of wealth. Existing cross-national data show that income and wealth are only weakly correlated (OECD, 2015)—that is, knowing about the former does not enable us to infer about the latter. Moreover, studies consistently show wealth distribution to be more unequal than income distribution in advanced nations (Davies et al., 2009, 2015; OECD, 2015; Piketty, 2014; Wolff, 2006). In the sample of OECD countries seen in Figure 1, the

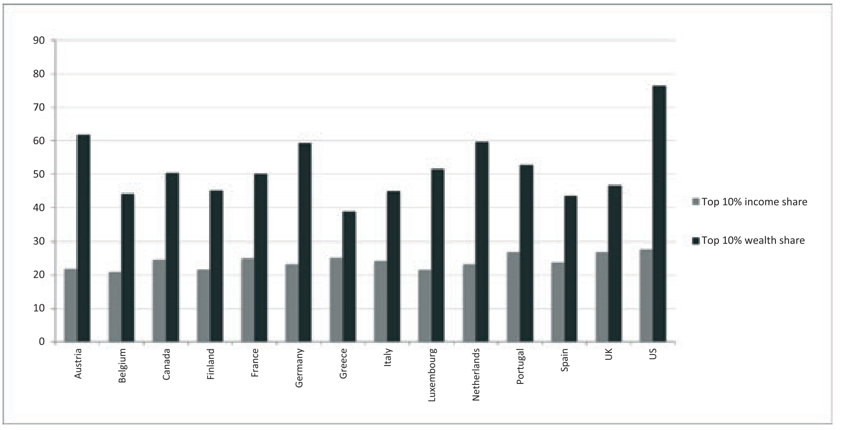


Figure 1 Distributions of household disposable income and net wealth.

top 10 percent of wealthiest households hold about half of all household wealth, while the top 10 percent of income distribution earn about one quarter of total income.

Finally, wealth can provide access to political power, with important implications for democracy.

All in all, it "provides for both short- and long-term financial security, bestows social prestige, contributes to political power, and can be used to produce more wealth" (Keister and Moller, 2000, p. 64).

In this article, I provide an overview of the recent literature on wealth inequality from a comparative and historical perspective. I first discuss the *stock*, *distribution*, and *composition* of wealth: How much wealth did Western nations accumulate from the 18th century onwards? How was this wealth distributed? How has its composition changed over time? These questions, as essential as they are to the history and future of capitalism, have remained without answers because of unavailability of adequate longitudinal and comparable data.[2] It is only very recently that we have been able to see the comparative and long-term dynamics of wealth ownership, thanks to some important studies[3] (Davies et al., 2009; Davies et al., 2015; OECD, 2015; Piketty, 2014; Piketty and Zucman, 2015; Skopek et al., 2014; Vermeulen, 2006; Wolff, 2006).

In the second section of the article I move on to the causal questions: What factors drive wealth inequality? Why does the distribution of wealth vary across nations? Research shows that ownership and distribution of wealth are shaped by both macro and micro-level factors. Economic trends, institutions, and policies play an important role, as do factors operating at the level of individuals and families, such as age, education, race, gender, and marital status. Keister and Moller (2000); Keister and Moller (2000), and Skopek et al. (2014) provide a comprehensive overview of explanations from a variety of disciplinary fields. My focus here remains on the macro side.

In the concluding section, I briefly discuss the socio-political challenges posed by increasing wealth inequality, and identify several key questions for future research.

The anatomy of private wealth: historical trends and cross-national differences

Western nations experienced substantial wealth accumulation in the 19th century. Not everyone shared the prosperity that came with it, however. Private wealth was created on the backs of workers, colonial subjects, and slaves but was enjoyed by only a small fraction of the population. This is what led Marx to write: "Accumulation of wealth at one pole is, therefore, at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole" (Marx, 1967[1867], p. 645).

Wealth consists of assets that can be "owned and exchanged on some market" (Piketty, 2014, p. 46), thus including property, financial assets, and professional capital (i.e., plant, property, and equipment), but not inherent or acquired skills and human capital, which cannot be traded (Piketty, 2014; Roine and Waldenström, 2014).

There are two major mechanisms through which wealth is accumulated: labor market income, or self-earned wealth; and inheritance, or transferred wealth (Meade, 1975; Semyonov et al., 2013; Skopek et al., 2014). In examining the anatomy of wealth—its level, composition, and distribution—it is important to take these different components into account, as well as the economic trends, policies, and institutions that shape them.

The stock of wealth

One way of thinking about the amount of wealth a nation has is measuring it relative to annual national income. Piketty (2014) calls this the capital/income[4] ratio or β. In *Capital in the 21st Century*, he uses data compiled from estate tax returns to chart the change in β from the 18th century to date, thereby providing the most comprehensive comparative-historical data[5] available today. He shows the trajectory of β to follow a u-shaped pattern in most European nations, with high levels of wealth relative to national income in the 18th and 19th centuries, a dramatic drop during the war years, and a steady rise since then. In Britain and France, for instance, β was around 7 until the end of the 19th century, dropped to 2–3 between the wars, and increased to 5–6 in the past decades (Piketty, 2014, pp. 216–217). We see a similar pattern in Germany although, despite the high level of German savings, in the decades since World War II private wealth in Germany has not reached the levels seen in Britain and France (Piketty, 2014, p. 144).[6]

The trajectory of β has remained much more stable in the US (Piketty, 2014, p. 155). To begin with, the aggregate value of wealth in the 18th and 19th centuries was much smaller—about half that of Britain and France. Two factors were at play here, according to Piketty and Zucman (2015): One, there was less time to accumulate wealth (immigrants arrived with little capital). Two, there was such a vast amount of land that its market value was near nothing (p. 1313). The value of wealth dropped during the two world wars, but not as much as in Europe. According to Piketty, this overall stability might explain "why Americans seem to take a more benign view of capitalism than Europeans" (Piketty, 2014, p. 155).

The wealth gap between Europe and the US began to decrease over time. Recent data on world wealth levels, provided in Table 1, show that today, the US accounts for 34 percent of the total wealth in the world—a much larger share than the UK, France, and Germany combined. Yet, the US is also one of the OECD countries where the bottom quintile (households at the bottom 20 percent of wealth distribution) has a high level of negative wealth.

The composition of wealth

How have the components of national wealth changed? Piketty's research reveals three historical trends in Europe. First, the value of agricultural wealth decreased over time. By the 20th century, the share of agricultural land in total national wealth had already dropped to less than 2 percent in Britain, France, and Germany. This transition happened quickly in the UK, while in continental Europe farmland retained its value for a few more decades (p. 120). Second, foreign assets began to gain importance in some European nations in the late 18th and 19th centuries. By the eve of World War I, Britain had become a colonial empire owning foreign

Table 1. World wealth levels, 2015.

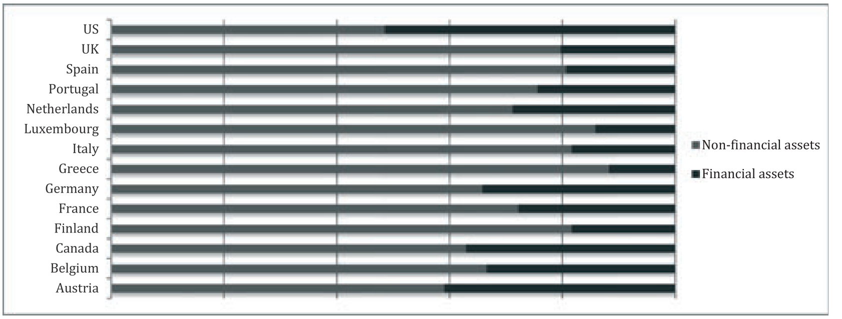
	I. Share of world wealth (%)	II. Wealth per adult (USD)	III. Total wealth/GNI	IV. Bottom quintile net household wealth (USD)
Austria	0.5	196,092	3.4	−7578
Belgium	0.9	259,046	4.4	2767
Canada	2.7	108,464	4.4	4906
Denmark	0.4	251,634	4.0	na
Finland	0.3	149,917	2.9	−7636
France	5.1	262,070	4.8	−868
Germany	4.8	177,984	3.1	−4870
Greece	0.3	81,342	2.5	2579
Ireland	0.3	194,650	3.5	na
Italy	4	203,577	4.7	5495
Luxembourg	0	303,695	3.3	2125
Netherlands	1	182,782	2.9	−28,495
Portugal	0.3	73,843	2.2	1090
Spain	1.7	111,643	2.7	10,422
Sweden	0.9	311,353	5.0	na
UK	6.2	320,368	6.1	8935
US	34.3	248,276	4.8	−19,059

Source: Data for columns 1 and 2 come from Davies et al., 2015, Credit Suisse Global Wealth Databook. Column 3: Author's own calculations using Credit Suisse Global Wealth Data and OECD data (GNI data is from 2014). Data for column 4 comes from OECD (2015).

assets equivalent to nearly two years of its national income (p. 120). France was in a similar position. Germany, on the other hand, was never a colonial empire and foreign assets made up a much smaller share of its total wealth. Finally, housing, industrial, and financial assets gained prominence in the overall composition of private wealth.

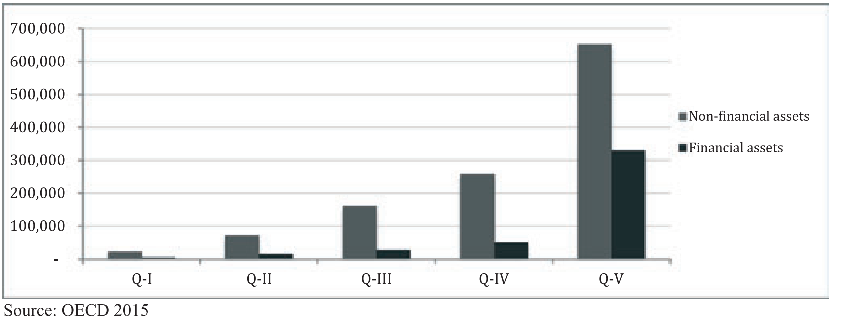
As for the US, two key differences set it apart from its European counterparts. First, foreign capital never played any important role in aggregate wealth. Second, slavery was a significant factor in the accumulation of American wealth. By the 1800s slaves represented nearly 20 percent of the population, with a total market value worth 1.5 years of national income (Piketty, 2014, p. 159). As Piketty notes, "all told, southern slave owners in the U.S. controlled more wealth than the landlords of Europe" (p. 160). The US was home to "two diametrically opposed realities": the South, with high capital because of slaves and slave plantations, and the North with relatively little capital because of a higher population of immigrants (p. 161). For Piketty this represents the two faces of capitalism in America to this day: "on the one hand this is a country of egalitarian promise, a land of opportunity for millions of immigrants of modest background; on the other, it is a land of extremely brutal inequality, especially in relation to race" (p. 161).

Recent OECD (2015) data reveal additional valuable information on composition of household wealth across countries, and across wealth distribution. In all OECD nations except for the US, non-financial assets constitute the most important category, comprising on average 75 percent of total assets (p. 263). As seen in Figure 2, financial assets (deposit accounts, bonds, stock shares, mutual investment funds, and life insurance) are particularly prominent in the US, Austria, and Canada comprising 52, 41, and 37 percent of total assets respectively (p. 265). The mean value of financial assets seems to increase with the size of net wealth, as Figure 3 shows. The mean value of financial assets owned by the fifth quintile (households at the top



Source: OECD 2015

Figure 2 Household wealth composition.



Source: OECD 2015

Figure 3 Household wealth composition across quintiles (USD).

20 percent of the wealth distribution) is about 70 times the mean value of financial assets owned by the first quintile (bottom 20 percent) (p. 260).

The distribution of wealth

Knowing how the overall value and composition of wealth have changed over time and across nations is helpful. However, it does not get at the question of how that national wealth has actually been distributed.

Caution must be exercised in using inequality measures for cross-national comparisons. Although GINI is the most commonly used index for measurement of economic inequality, it is not well-suited for cross-national comparisons of wealth distribution because of the large fraction of households with zero or negative wealth (OECD, 2015, p. 248). More meaningful insights can be gained by comparing the distribution of wealth across deciles[7] and quintiles.

Piketty (2014) shows that in most European societies during the 19th century, the top 10 percent owned 80–90 percent of total wealth, and the top 1 percent owned 50–60 percent (Piketty, 2014, p. 345). These were patrimonial societies characterized by hyper-concentration of capital. Inheritance and marriage, rather than work or education, ensured wellbeing and standing (p. 342).

The world wars led to substantial compression of wealth inequality in Europe. The top decile's share fell one-third in Britain on the eve of World War I (Piketty, 2014, p. 346). This capital was not relocated in the hands of the poorest half of the population, but benefited those in the 50–90th percentiles of wealth distribution—the "patrimonial middle class" (p. 346). This trajectory has been largely similar across European nations: "the major structural transformation was the emergence of a middle group" (p. 347).

Although the Nordic countries are now regarded as bastions of equality and social protection, wealth ownership was highly concentrated and unequally distributed there as well (Bjerke, 1956; Soltow, 1981). In Sweden, Denmark, and the Netherlands up until the early 20th century, the top 1 percent owned about half of the nation's total wealth (Roine and Waldenström, 2014). In Finland and Norway, wealth concentration remained relatively less dramatic with the top 1 percent owning about a third of national wealth (Roine and Waldenström, 2014). After World War I, wealth inequality declined in all of these nations. By 1990, it had reached a global low in Finland.

Wealth inequality was much less pronounced in the 19th century US compared to Europe. In the 20th century, however, wealth ownership became increasingly concentrated, and wealth inequality eventually surpassed European levels. According to recent data from OECD (2015), provided in Table 2, today the top 10 percent in the US own more than 70 percent of net wealth.

The causes of wealth inequality

A variety of factors determine the ownership and distribution of wealth. Some of these are micro-level factors related to characteristics of individuals and their families such as education, race, gender, and marital status, whereas others are macro-level factors concerning economic trends, institutions, and policies.

The relationship between r and *g*

According to Piketty (2014), the size of the gap between *r* (rate of return on capital) and *g* (economy's growth rate) can help explain historical and cross-national variations in wealth inequality—if the rate of return on capital is "markedly and durably higher than the rate of growth," the likely outcome is significant concentration at the top (p. 351). This was the case with agrarian societies in the 19th century; previously accumulated wealth was recapitalized more quickly than the economy grew.

Table 2. Wealth shares of top percentiles of the net wealth distribution.

	Top 10 percent	Top 5 percent	Top 1 percent	Bottom 60 percent	Top 10/Bottom 60
Austria	61.7	48.7	24.0	6.7	9.1
Belgium	44.1	31.4	12.6	17.2	2.6
Canada	50.3	36.5	15.5	12.5	4.0
Finland	45.0	30.6	12.4	11.9	3.8
France	50.0	36.6	18.0	11.6	4.3
Germany	59.2	45.7	24.5	6.5	9.0
Greece	38.8	25.6	8.5	20.2	1.9
Italy	44.8	32.1	14.3	17.4	2.6
Luxembourg	51.4	40.2	22.4	14.9	3.5
Netherlands	59.6	45.8	23.9	2.0	30.0
Portugal	52.7	40.9	21.3	14.0	3.8
Spain	43.5	31.0	15.2	19.9	2.2
UK	46.6	34.2	17.5	16.0	2.9
USA	76.4	63.3	36.6	2.5	30.1

Source: OECD, 2015. Data from 2010 or latest available year.

Piketty shows that historically *r* has almost always exceeded *g*. The observed decline in inequality in the 20th century was exceptional in this regard. On the one hand, technological progress and expansion of the labor force created rapid growth. On the other hand, the shocks of the world wars—the physical destruction, but more importantly the socio-political landscape and the progressive tax policies that came after the war—reduced the rate of return on capital. Maybe for first time in history, labor and hard work rather than inherited wealth dictated one's rise in society (p. 419).

Institutions and policies matter

Piketty's theory provides a framework for thinking about the rise and fall of wealth inequality over time and across nations. The question is, what determines *r* and *g*? It may be the case that the steepest increases in wealth inequality were observed in societies characterized by low growth and high return on capital, but ultimately both of these factors and the overall level of wealth inequality remain shaped by the existing institutions and policies.[8] Policies governing the inheritance and taxation of wealth are particularly important in this regard.

Western nations have historically differed in how they dealt with intergenerational transfer of wealth (Beckert, 2007, p. 1). In France, for instance, individuals enjoy minimal testamentary freedom—that is, they do not have much say over how their property is to be distributed at death. The reason lies in the French politics of the late 18th and early 19th centuries (p. 23). Making a clear break with the system of privileges upheld by the Ancien Régime, social reformers in post-revolutionary France sought to realize the principle of equality of citizens. In Germany, also, the 19th century witnessed the problematization of testamentary freedom in the legal, political, and philosophical spheres. Unlike France, however, it was not the egalitarianism of social structures, but "protection of the family against an excessive individualism" that was at stake (p. 50).

Contrasted with France and Germany, the question of testamentary freedom received significantly less attention in legal and philosophical discussion in the US (Beckert, 2007, p. 69), for two reasons. First, there were differences in the conception of private property (p. 76). The founders of the American Republic were intent on creating institutions that would protect the individual against the interventions of the state. Thus, regulatory interventions in private property were not welcome. Second, economic conditions in America remained significantly different from those in Germany and France up to the late 19th century. As Beckert notes, it was much less of an issue in 19th century American society that inheritance would cause concentration of wealth—the US had no feudal past, inequality was low relative to Europe, and opportunities for social mobility seemed as unlimited as arable land (p. 78).

While the freedom to dispose of private property was safeguarded, other aspects of inheritance law became heavily politicized in the US (Beckert, 2007, p. 171). In the second half of the 19th century, radical–liberal social reformers mobilized around the concern that inheritance would lead to a dynastic concentration of wealth and power, making the taxation of bequests a central goal. Concern over concentration of wealth in the US was "not based on the idea of class warfare aimed at a socialist model of equality, but was a direct expression of the liberal meritocratic tradition from the founding period of the United States" (Beckert, 2007, p. 177). This pressure combined with the need to raise revenue from taxes led to the passage of an estate tax in 1916.[9] However, as Beckert notes, the social reform agenda lost fervor in the second half of the 20th century amid concerns that the tax burden would reduce the stock of capital, reduce savings and investments, and cripple growth (p. 198). Reforms in 1976 and 1981 brought about a much revised estate taxation that de-emphasized redistribution. The 1997 estate tax reform under Bill Clinton furthered the anti-estate tax agenda to some extent. And in 2001 the Economic Growth and Tax Relief Reconciliation Act made a substantial change that involved phasing out the Federal estate and gift tax rates and substantially increasing the amount of property that can be transferred free of tax.

Except briefly in crisis-driven upheavals, taxation of inheritance did not take a radically redistributive course in Europe, either (Beckert, 2007); inheritance taxes there make up only a small part of total tax revenue.

The regulation of inherited wealth encapsulates some of the major philosophical and moral conundrums that modern capitalism embodies concerning equality, liberty, property rights, and meritocracy (Beckert, 2007). On the one hand, in a capitalist society that recognizes individual property rights and individual liberties, one should be able to freely determine how one's estate will be managed. On the other hand, this liberal notion is hard to reconcile with the principle of equality, as well as the meritocratic self-understanding of modern societies, wherein the achievements and contributions of individuals are the main criterion to justify social inequality. As Beckert (2007) argues: "Inheritance perpetuates social privileges independent of achievement, even though bourgeois society defined itself precisely in opposition to this practice" (p. 13–14). Inheritances taxes, therefore, can play a particularly important role in redistributing wealth in societies where the share of inheritance in total private wealth is high.

Wealth taxes do not only include inheritance taxes, to be sure. They also encompass property taxes and individual taxes on returns on capital income. As of 2012, the EU raised 9 percent of GDP in capital taxes (out of a total of 39 percent of GDP in total tax revenues) whereas the US raised about 8 percent (out of 27 percent of GDP in total tax revenues) (Piketty and Saez, 2013).[10] As for taxes on property, we see substantial variation. Property tax revenues make up around 4 percent of GDP in UK and France, and less than 1 percent in Austria and Germany (OECD, 2016).

Ownership of financial assets

Another major economic trend contributing to wealth concentration in recent decades is ownership of financial assets. According to a recent OECD (2015) report, the appreciation of stock prices seems to be associated with a larger wealth share at the top of the distribution (p. 249–250). While a more comprehensive data analysis is needed to confirm this finding, the OECD analysis makes an important contribution to the recent literature on economic inequality, and its relation to financialization.

Micro-level determinants of wealth distribution

Undoubtedly, micro-level factors—individual and household characteristics such as age, education, housing status, income source, and household type—also influence the process of wealth accumulation and distribution. OECD data from 18 countries show, for instance, that "on average, families with a head under age 34 own about one-fifth as much wealth as older households (55–64 year old), with the largest disparities observed in Germany, the Netherlands, Norway and the United States" (OECD, 2015, p. 256). Significant differences in mean wealth ownership are observed with regard to education as well. Households headed by a college graduate have a net wealth that is, on average, about 70 percent higher than households whose head has an upper secondary education and more than three times higher than that of households with only a primary education (OECD, 2015, p. 257). As significant as these micro-level factors may be to wealth distribution within nations, however, they do not seem to explain cross-national differences in distribution of wealth (Cowell et al., 2013).

Wealth inequality: Neo-patrimonialism and the future of democracy

As this article has relayed, there have been important swings in the stock, composition, and distribution of wealth over the past few centuries (Bjerke, 1956; Davies et al., 2015; OECD, 2015; Piketty, 2014; Piketty and Zucman, 2015; Roine and Waldenström, 2014; Soltow, 1981). The aggregate value of wealth, which remained quite high in Europe during the 18th and 19th centuries, dropped in the course of the two world wars, but then steadily increased. In the same period the value of agricultural capital decreased while housing, industrial, and financial assets gained prominence. The aggregate value of wealth in the US showed a similar but much more stable pattern.

With respect to the distribution of wealth, in European nations wealth concentration at the top increased during the 19th century, decreased dramatically starting in the early 20th century, and began to rise once again in the 1970s. While wealth was much more concentrated in Europe than in the US at the turn of the 20th century, wealth concentration increased most noticeably in the United States during the last quarter of the 20th century. Today, the US has the highest level of wealth concentration among OECD nations, with the top 10 percent of the distribution owning over 70 percent of total wealth (OECD, 2015).

One of the warnings that can be taken from recent studies of wealth inequality, particularly from Piketty's work, is that the patrimonial system is coming back, and policy reform is necessary to counter it. To think that "unrestricted competition will put an end to inheritance and move toward a more meritocratic world," Piketty argues, "is a dangerous illusion" (Piketty, 2014, p. 424). Without any economic or political transformation, capital inequality is poised to become more extreme.

Various recent studies have attributed dire economic, social, and political consequences to rising economic inequality (Acemoglu and Robinson, 2010; Bartels, 2009; Galor and Moav, 2004; Pierson and Hacker, 2011; Skocpol, 2004; Smeeding, 2005; Stiglitz, 2012). According to Acemoglu and Robinson (2015), persistent and rising inequality leads to an uneven playing field and makes it harder to achieve equality of opportunity, which should be the hallmark of meritocratic societies. High economic inequality might also decrease labor productivity and growth in the long run, by decreasing the ability of poorer households to accumulate physical and human capital (Galor and Moav, 2004; Stiglitz, 2012). Perhaps even more significant are the implications of high levels of wealth inequality—along with income inequality—for participatory democracy. A report published by the American Political Science Organization (Jacobs et al., 2004) notes that when a country's wealth and income are concentrated in the hands of the few, this has significant consequences in terms of citizen participation, government responsiveness, and patterns of policymaking. The report shows that public officials and policies tend to be much more responsive to the economically privileged, and policies tend to reflect the preferences of the wealthy and high-income. The report also shows that wealth and income are directly associated with voting, campaign contributions, affiliation with political groups, and involvement with community life (p. 6).

There is no doubt, then, that wealth inequality remains one of the most pressing socio-economic issues of our times. Several lines of inquiry are particularly important going forward. The first one involves collection of data. Most of the comparative wealth data available today are from OECD nations. As more data become available on the distribution of wealth in non-OECD nations, we will have a better comparative picture to examine global wealth distribution in a systematic way.

Second, the relationship between the rise of finance and wealth inequality needs to be examined more thoroughly. Recently, several studies looked at the impact of financialization on income inequality (Flaherty, 2015; Kus, 2012; Tomaskovic-Devey and K.-H. Lin, 2013). Similarly, the linkage between finance and wealth needs to be studied more comprehensively.

Third, the literature would benefit from sociological studies of saving and investment behavior as it relates to composition of wealth. The OECD (2015) data show that financial assets are prominent in the US, while in other nations a large portion of wealth remains invested in non-financial assets. What do those variations mean, and how do we explain them?

Fourth, while we know a great deal about policies regarding income distribution, our knowledge of government policies aimed at wealth redistribution—why and how they vary, and their impact in various contexts—is still limited, and would benefit from further study.

And finally, more research is needed on policies that promote wealth creation at the bottom of the distribution. These are important lines of research that will keep scholars busy for years to come, and the findings will be enlightening for us all.

Short Biography

Basak Kus (PhD, University of California-Berkeley) is Assistant Professor of Sociology at Wesleyan University. Her research areas include comparative capitalisms, inequality and redistributive politics, neoliberal reforms, the politics of economic crises, finance and society, debt, the regulatory state, civic regulation, economic development, and Turkish politics.

Notes

* Correspondence address: Basak Kus, Department of Sociology, Wesleyan University, USA. E-mail: bkus@wesleyan.edu

[1] Piketty and Zucman (2015) cite the following sources for national wealth accounting: Petty (1664), King (1696), Colquhoun (1815), Giffen (1889), and Bowley (1920) in the UK; Boisguillebert (1695), Vauban (1707), Foville (1893), and Colson (1903) in France; Helferich (1913) in Germany; and King (1915) in the US.

[2] This is part of the reason that *Capital in the 21st Century*, by the French economist Thomas Piketty, had garnered so much attention and admiration.

[3] Still, a large part of the data we have on wealth ownership is from Western nations, and my review in this article reflects this perspective.

[4] Piketty uses capital and wealth interchangeably.

[5] Piketty's study is the only one that measures wealth vis-à-vis national income comparatively throughout the course of three centuries.

[6] According to Piketty, this is largely because the market values of German firms appear to be lower as a result of what is known as the stakeholder model of corporate governance, as opposed to the shareholder model found in liberal market economies (p. 145).

[7] Deciles sort a population into 10 groups based on the distribution of values of a particular variable. In this case, the first decile represents those in the bottom 10 percent of wealth distribution.

[8] In fairness, although his work has been criticized for emphasizing economic trends while ignoring the role of institutions and policies (see Acemoglu and Robinson, 2015), Piketty does not discount the importance of institutions and policies. In fact, he argues that while several forces such as the slowdown of population growth and global competition to attract capital might lead to a higher r–g gap in the future, ultimately the level of inequality will depend on the institutions and policies that are adopted.

[9] The blood relationship of the heirs to the testator plays no role in the US.

[10] The European Commission report on "Taxation Trends in the European Union" provides data on wealth taxes.

References

Acemoglu, D., and J. A. Robinson. 2010. *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*. New York: Crown Publishing.

Acemoglu, D., and J. A. Robinson. 2015. 'The Rise and Decline of General Laws of Capitalism.' *Journal of Economic Perspectives* **29**(1): 3–28.

Bartels, L. M. 2009. *Unequal Democracy: The Political Economy of the New Gilded Age*. Princeton, NJ: Princeton University Press.

Beckert, J. 2007. *Inherited Wealth*, translated by T. Dunlap. Princeton, NJ: Princeton University Press.

Bjerke, K. 1956. 'Changes in Danish Income Distribution 1939–52.' *Income and Wealth* **6**(1): 98–154.

Boisguillebert, P. 1695 *Le détail de la France*. Paris. Reprinted in E. Daire. (1843). *Economistes Financiers du 18e Siecle*. Paris: Guillaumin.

Bonini, A. N. 2007. 'Cross-National Variation in Individual Life Satisfaction: Effects of National Wealth, Human Development, and Environmental Conditions.' *Social Indicators Research* **87**(2): 223–236.

Bowley, A. L. 1920. *The Change in the Distribution of National Income, 1880–1913*. Oxford: Clarendon Press.

Colquhoun, P. 1815. *A Treatise on the Wealth, Power and Resources of the British Empire*. London: J. Mawman.

Colson, C. 1903. *Course d'économie Politique*. Paris: Gauthier-Villars.

Cowell F., E. Karagiannaki and A. McKnight. 2013. Accounting for Cross-Country Differences in Wealth Inequality. *CASEpapers*. London School of Economics Centre for Analysis of Social Exclusion, London. Last accessed March 9, 2016, http://sticerd.lse.ac.uk/dps/case/cp/CASEpaper168.pdf.

Davies, J. B., S. Sandström, A. B. Shorrocks, and E. N. Wolff. 2009. 'The Level and Distribution of Global Household Wealth.' National Bureau of Economic Research, Cambridge, MA.

Davies, J., R. Lluberas and A. Shorrocks. 2015. Credit Suisse Global Wealth Databook. Credit Suisse Research Institute. Available at http://publications.credit-suisse.com/tasks/render/file/index.cfm?fileid=C26E3824-E868-56E0-CCA04D4BB9B9ADD5, Last accessed January 15, 2016.

Filmer, D., and D. Pritchett. 2004. 'The Effect of Household Wealth on Educational Attainment: Evidence from 35 Countries.' *Population and Development Review* **25**(1): 85–120.

Flaherty, E. 2015. 'Top Incomes Under Finance-Driven Capitalism, 1990–2010: Power Resources and Regulatory Orders.' *Socio-Economic Review* **13**(3): 417–447.

Foville, A. 1893. 'The Wealth of France and of Other Countries.' *Journal of the Royal Statistical Society* **56**(4): 597–626.

Galor, O., and O. Moav. 2004. 'From Physical to Human Capital Accumulation: Inequality and the Process of Development.' *Review of Economic Studies* **71**: 1001–1026.

Giffen, R. 1889. 'The Growth of Capital.' London.

Helferich, K. 1913. *Deutschlands Volkswholhstand, 1888–1913*. Berlin: G. Stilke.

Jacobs, L., B. Barber, L. Bartels, M. Dawson, M. Fiorina, J. Hacker, R. Hero, H. Heclo, C. J. Kim, S. Mettler, B. Page, D. Pinderhughes, K. L. Schlozman, T. Skocpol, and S. Verba. 2004. 'American Democracy in an Age of Rising Inequality. Task Force on Inequality and American Democracy.' American Political Science Association, Washington, D.C. Last accessed March 9, 2016. http://www.apsanet.org/portals/54/Files/Task%20Force%20Reports/taskforcereport.pdf.

Keister, L. A., and S. Moller. 2000. 'Wealth Inequality in the United States.' *Annual Review of Sociology* **26**: 63–81.

King, G. 1696. Natural and Political Observations and Conclusions Upon the State and Condition of England.

King, W. I. 1915. *The Wealth and Income of the People of the United States*. New York: MacMillan Press.

Kus, B. 2012. 'Financialisation and Income Inequality in OECD Nations: 1995–2007.' *The Economic and Social Review* **43**: 477–495.

Marx, K. 1967 [1867]. *Capital: A Critique of Political Economy*. New York: International Publishers.

Meade, J. E. 1975. *The Just Economy*. London: Allen & Unwin.

Meer, J., D. L. Miller, and H. S. Rosen. 2003. 'Exploring the Health-Wealth Nexus.' *Journal of Health Economics* **22**(5): 713–730.

Nam, Y., and J. Huang. 2009. 'Equal Opportunity for All? Parental Economic Resources and Children's Educational Attainment.' *Children and Youth Services Review* **31**(6): 625–634.

OECD. 2015. *In It Together: Why Less Inequality Benefits All*. Paris: OECD Publishing.

OECD. 2016. Tax on Property (Indicator). Last accessed March 9, 2016. doi: 10.1787/213673fa-en.

Petty, W. 1664 *Verbum Sapienti*. Published as an addendum to W. Petty. (1691). *The Political Economy of Ireland*. London. Reprinted in Hull, C. H. 1989. *The Economic Writings of Sir William Petty*, vol. **2**. London: Cambridge University Press.

Pfeffer, F. T. and M. Hällsten. 2012. Mobility Regimes and Parental Wealth: The United States, Germany, and Sweden in Comparison. University of Michigan Institute for Social Research, Ann Arbor, MI.

Pfeffer, F. T. and M. Hällsten. 2014. Mobility Regimes and Parental Wealth: The United States, Germany, and Sweden in Comparison. SOEP Papers on Multidisciplinary Panel Data Research 500. Last accessed March 9, 2016. http://www.diw.de/documents/publikationen/73/diw_01.c.411432.de/diw_sp0500.pdf

Pierson, P., and J. S. Hacker. 2011. *Winner-Take-All Politics: How Washington Made the Rich Richer—And Turned its Back on the Middle Class*. New York: Simon & Schuster.

Piketty, T. 2014. *Capital in the Twenty-First Century*. Cambridge, MA: Harvard University Press.

Piketty, T., and E. Saez. 2013. 'A Theory of Optimal Inheritence Taxation.' *Econometrica* **81**(5): 1851–1886.

Piketty, T., and G. Zucman. 2015. 'Wealth and Inheritance in the Long Run.' Pp. 1304–1356 in *Handbook of Income Distribution*, edited by A. Atkinson and E. Bourguignon, vol. **2B**. Philadelphia, PA: Elsevier.

Roine J. and D. Waldenström. 2014. Long-Run Trends in the Distribution of Income and Wealth. IZA Discussion Papers. The Institute for the Study of Labor. Bonn, Germany.

Semyonov, M., N. Lewin-Epstein, and D. Maskilyeson. 2013. 'Where Wealth Matters More For Health: The Wealth-Health Gradient in 16 Countries.' *Social Science and Medicine* **81**: 10–17.

Skocpol, T. 2004. 'Voice and Inequality: The Transformation of American Civic Democracy.' *Perspectives on Politics* **2**(1): 3–20.

Skopek, N., S. Buchholz, and H. Blossfeld. 2014. 'National Patterns of Income and Wealth Inequality.' *International Journal of Comparative Sociology*: 1–26. DOI:10.1177/0020715214565674.

Smeeding, T. M. 2005. 'Public Policy, Economic Inequality, and Poverty: The United States in Comparative Perspective.' *Social Sciene Quarterly* **86**: 955–983.

Soltow, L. 1981. 'The Distribution of Wealth in Belgium in 1814–1815.' *Journal of European Economic History* **10**: 401–414.

Stiglitz, J. E. 2012. *The Price of Inequality: How Today's Divided Society Engineers Our Future*. New York: W. W. Norton and Company.

Tomaskovic-Devey, D., and K.-H. Lin. 2013. 'Financialization: Causes, Inequality Consequences, and Policy Implications.' *North Carolina Banking Institute Journal* **18**: 167–194.

Torche, F. 2009. Sociological and Economic Approaches to the Intergenerational Transmission of Inequality in Latin America. United Nations HD-09-2009-UNDP, New York.

Torche, F., and S. Spilerman. 2008. 'Household Wealth in Latin America.' Pp. 150–176 in *Personal Wealth from a Global Perspective*, edited by J. B. Davies. Oxford: Oxford University Press.

Vauban, S. 1707 *Projet d'une dixme royale*. Paris. Reprinted in E. Daire. (1843). *Economistes Financiers du 18e Siecle*. Paris: Guillaumin.

Vermeulen, P. 2006. 'How Fat Is the Top Tail of the Wealth Distribution?' ECB Working Paper No. 1692, Frankfurt. Last accessed March 9, 2016. https://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1692.pdf.

Wolff, E. N. 2006. *International Perspectives on Household Wealth*. Cheltenham and Northampton, MA: Edward Elgar Publishing.