

Inequality – Today and tomorrow

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In this presentation I will show results from:

- **« World Inequality Report 2018 »**

(see wir2018.wid.world)

Extended series on global inequality (70+ countries).

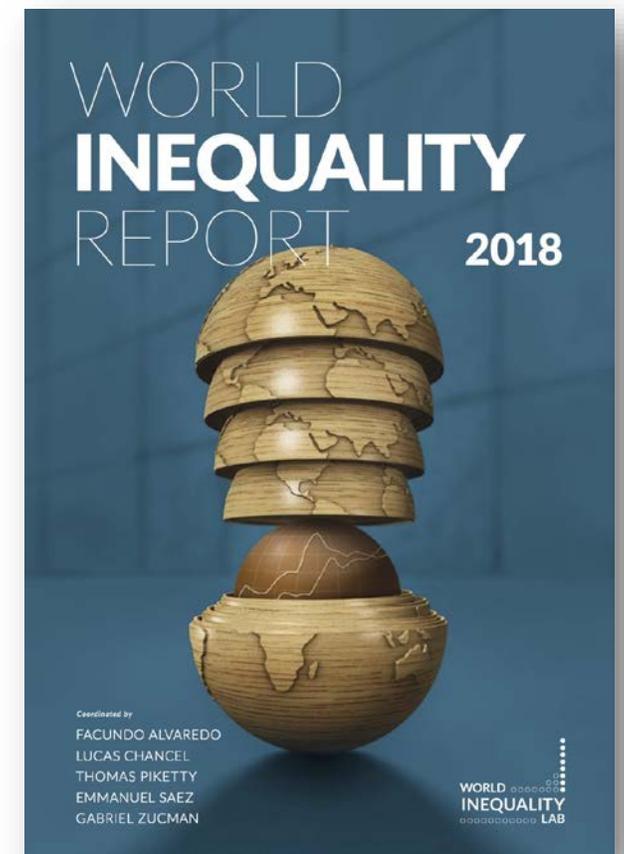
Key role of politics in downturns & upturns.

- **« Brahmin Left vs Merchant Right: Rising Inequality and the Changing Structure of Political Conflict »**

(see piketty.pse.ens.fr/conflict)

New series on changing political cleavages documenting the shift from class-based political conflict to multiple-elite (intellectual vs business elite) and identity-based political conflict.

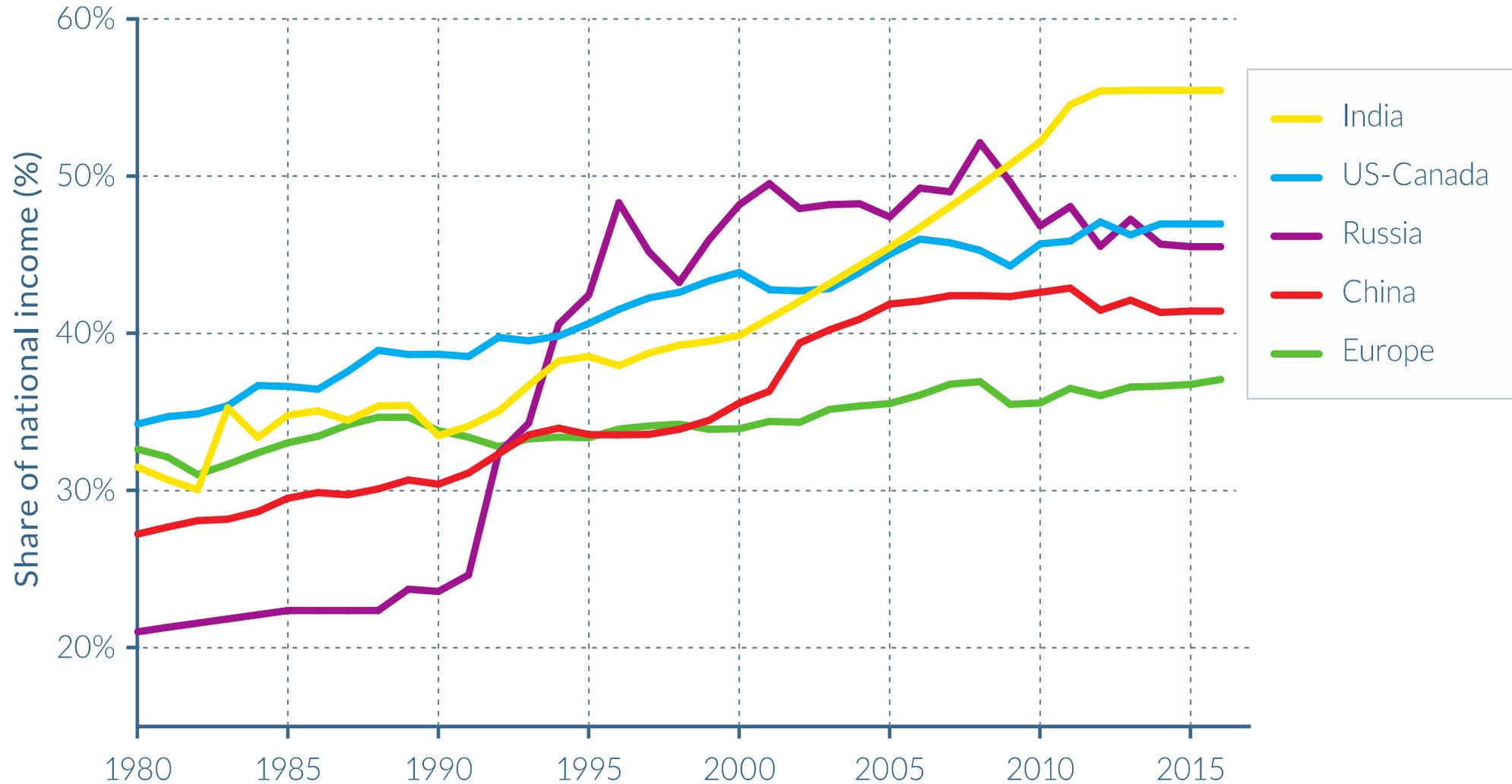
Changes in cleavage structure can explain lack of political response to rising inequality.



I will also discuss the different possible explanations for changes in cleavage structure:

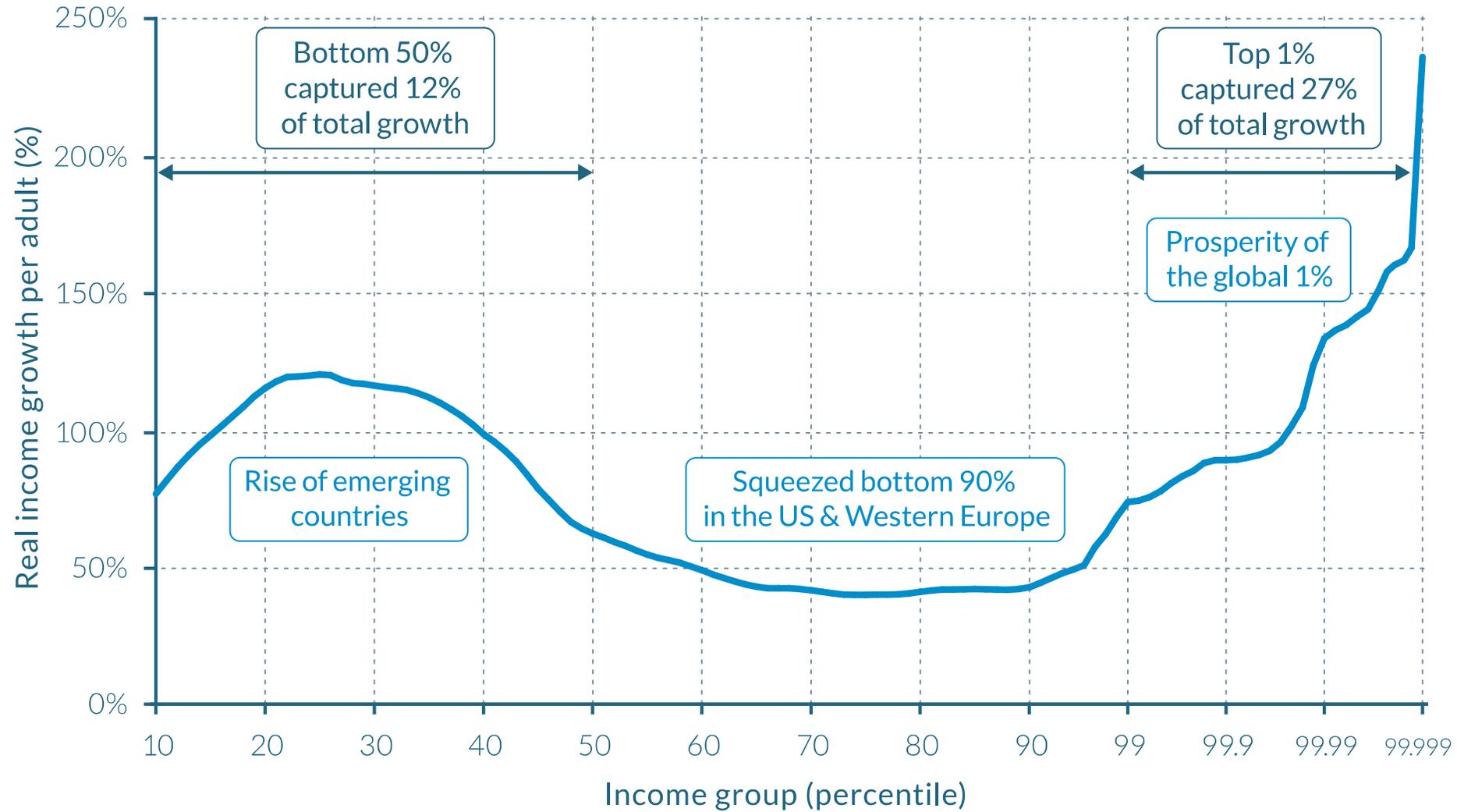
- **Rise of globalization/migration cleavage: division among lower classes**
- **Rise of higher education: end of egalitarian education platform**
- **Changes in global ideology.** Lack of a strong and convincing egalitarian-universalist platform. Partly due to elite capture, but also due to ideological weakness and left discouragement since collapse of communism. A more ambitious egalitarian platform could make a difference.

Top 10% income shares across the world, 1980-2016



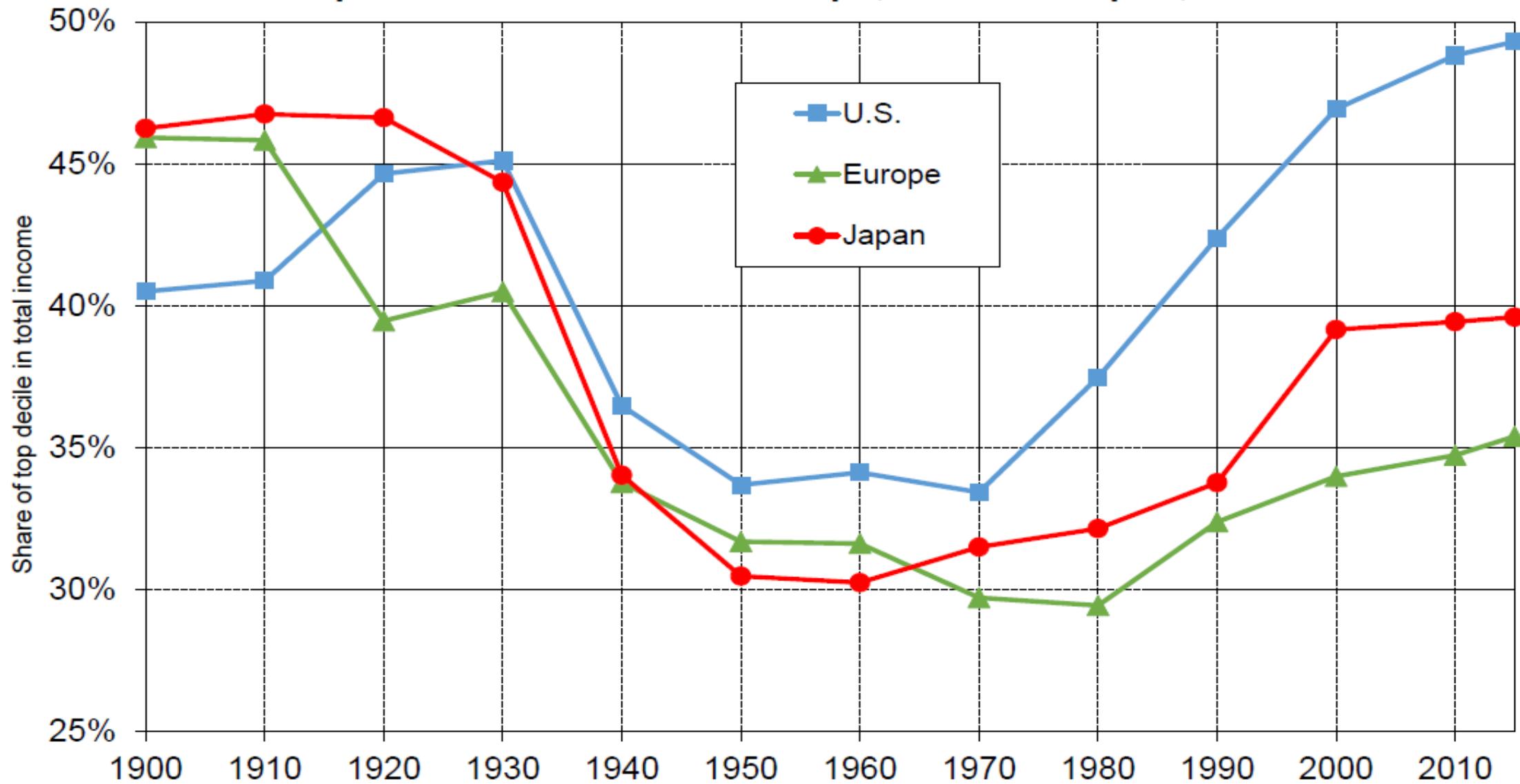
Source: World Inequality Report 2018, Figure 2.1.1. See wir2018.wid.world for data sources and notes.

Total income growth by percentile across all world regions, 1980–2016



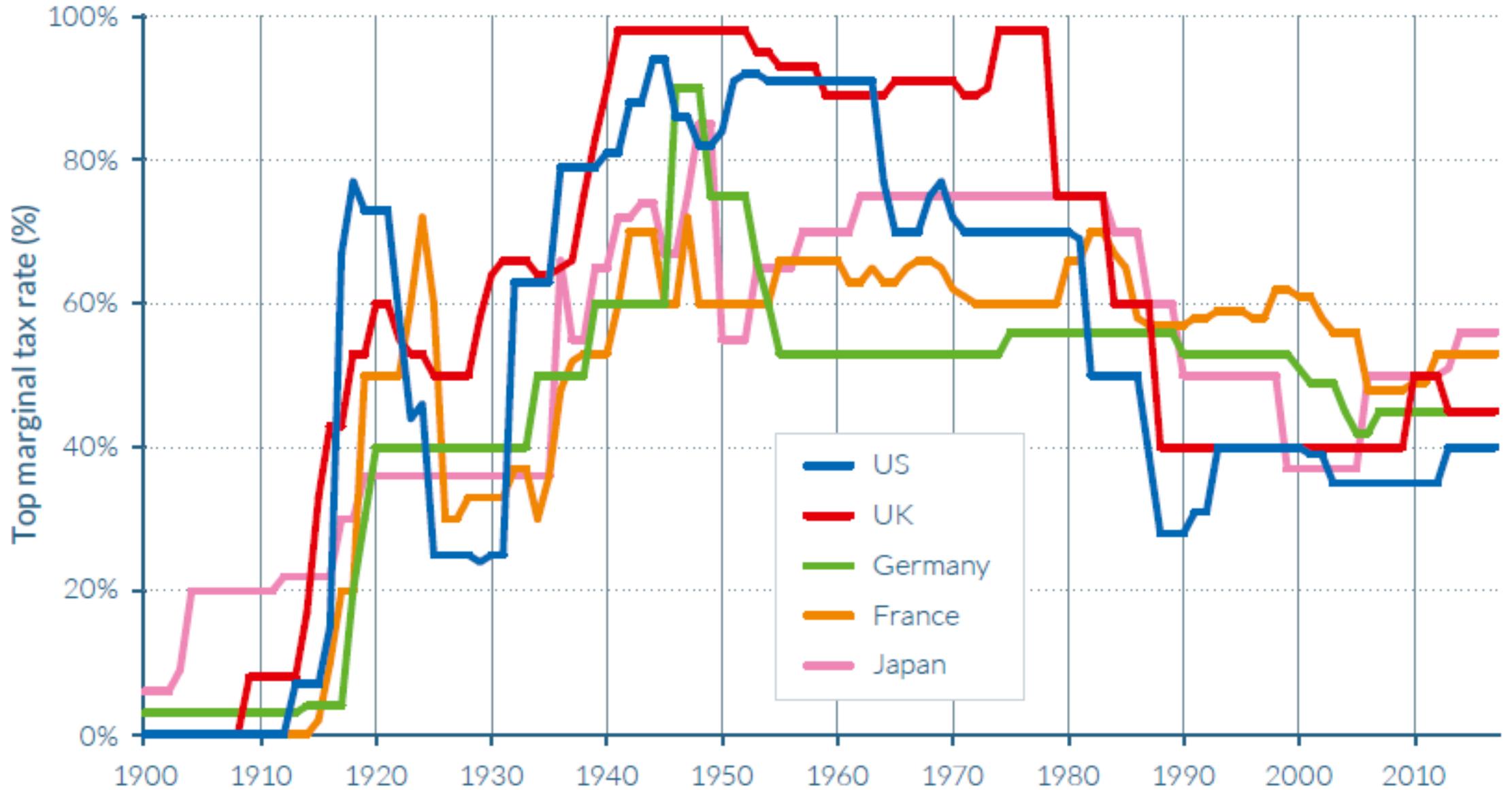
Source: World Inequality Report 2018, Figure 2.1.4. See [wir2018.wid.world](#) for data sources and notes.

Top 10% Income Share: Europe, U.S. and Japan, 1900-2015



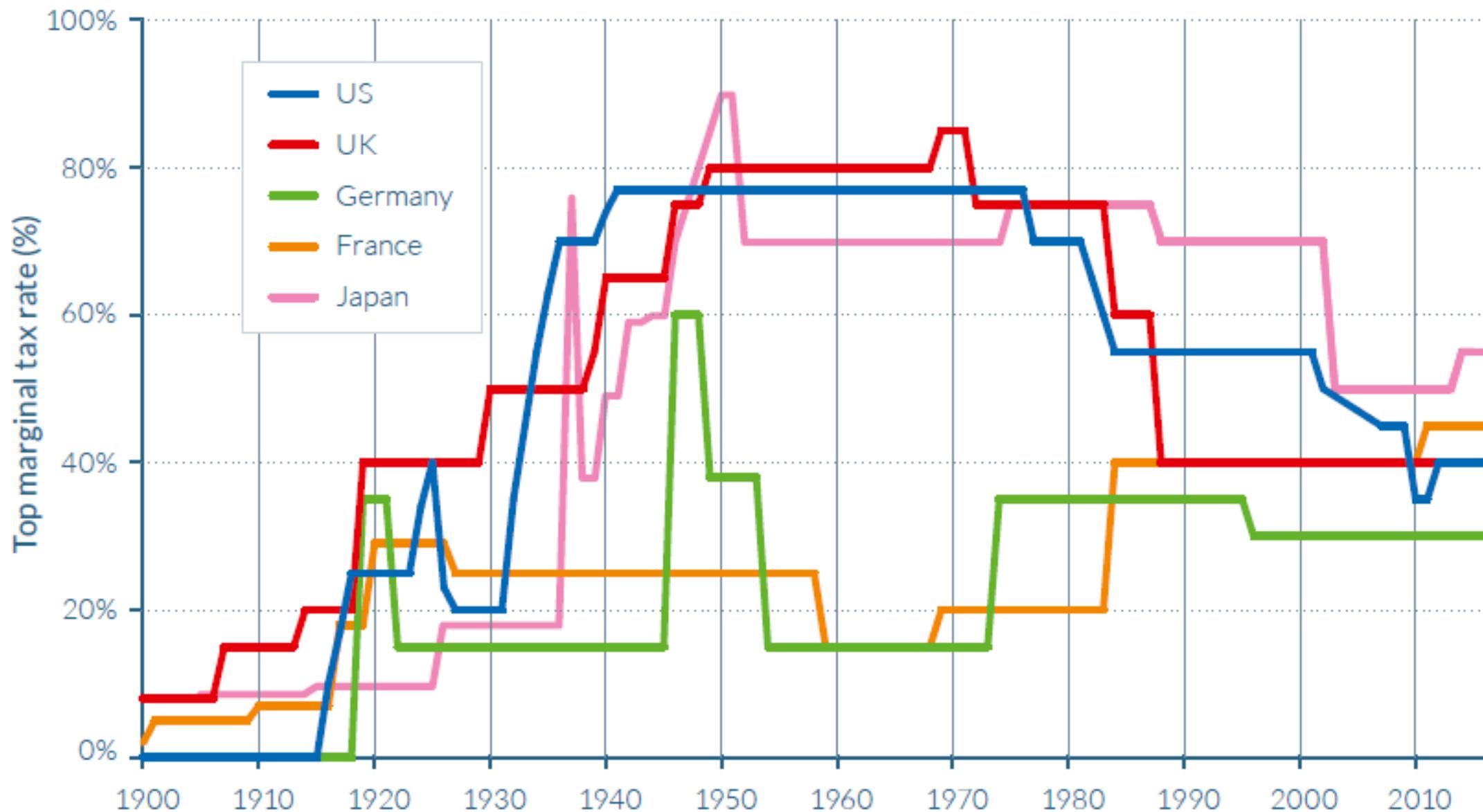
The top decile income share was higher in Europe than in the U.S. in 1900-1910; it is a lot higher in the U.S. in 2000-2010. Sources and series: see piketty.pse.ens.fr/capital21c and WID.world updates.

Top income tax rates in rich countries, 1900-2017



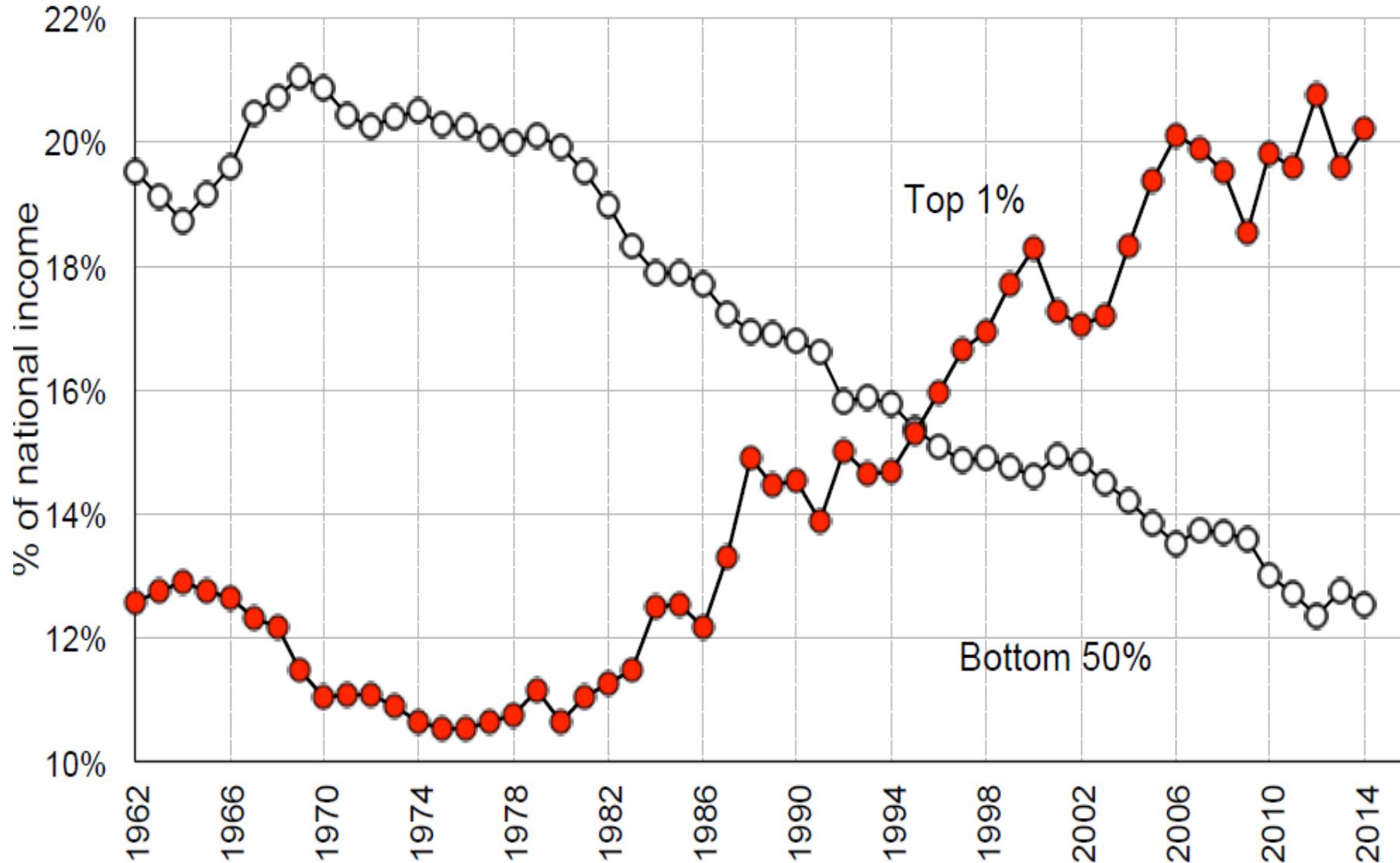
Source: World Inequality Report 2018, wir2018.wid.world

Top inheritance tax rates in rich countries, 1900-2017

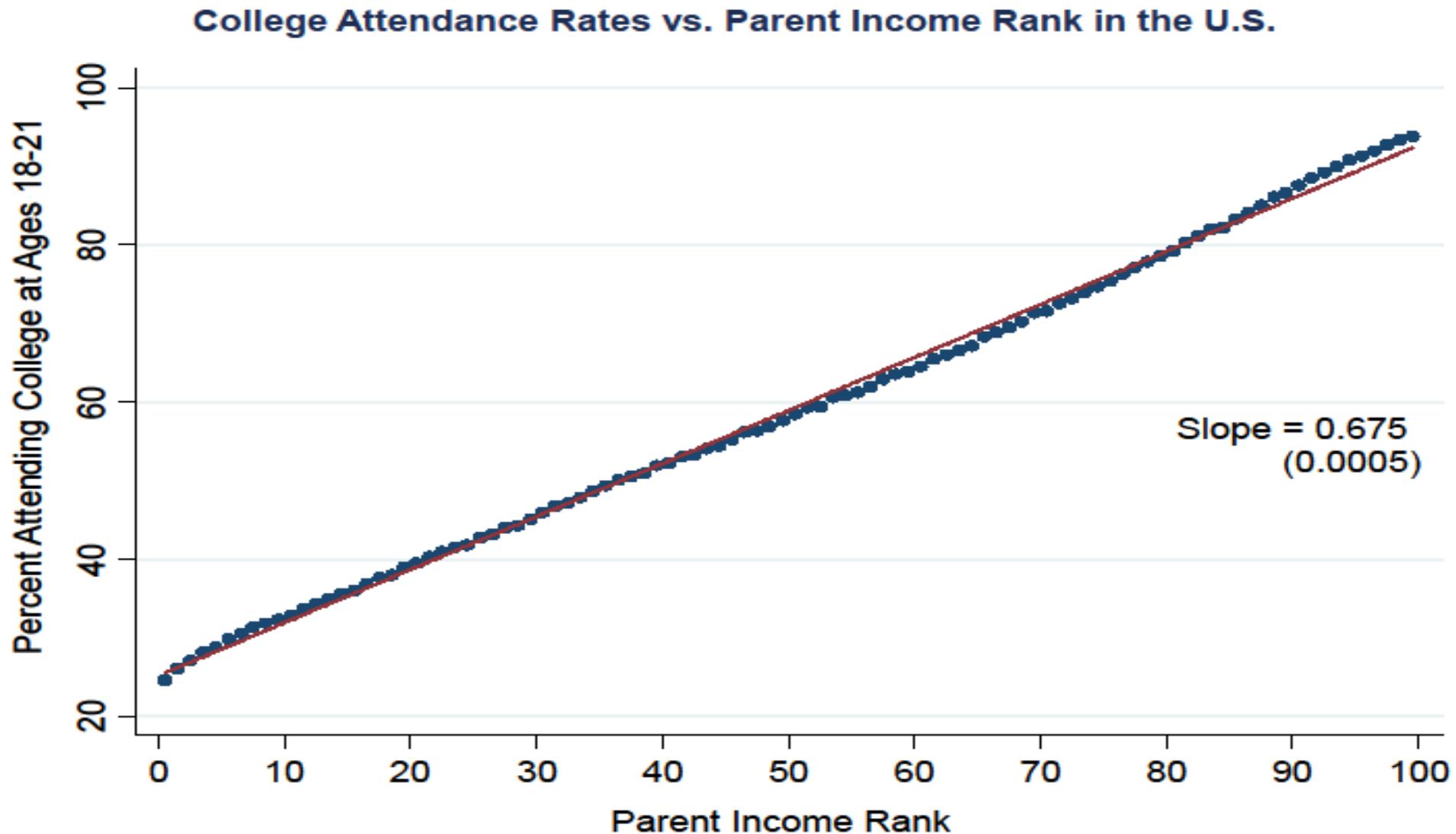


Source: World Inequality Report 2018, wir2018.wid.world

USA: The collapse of the bottom 50% income share

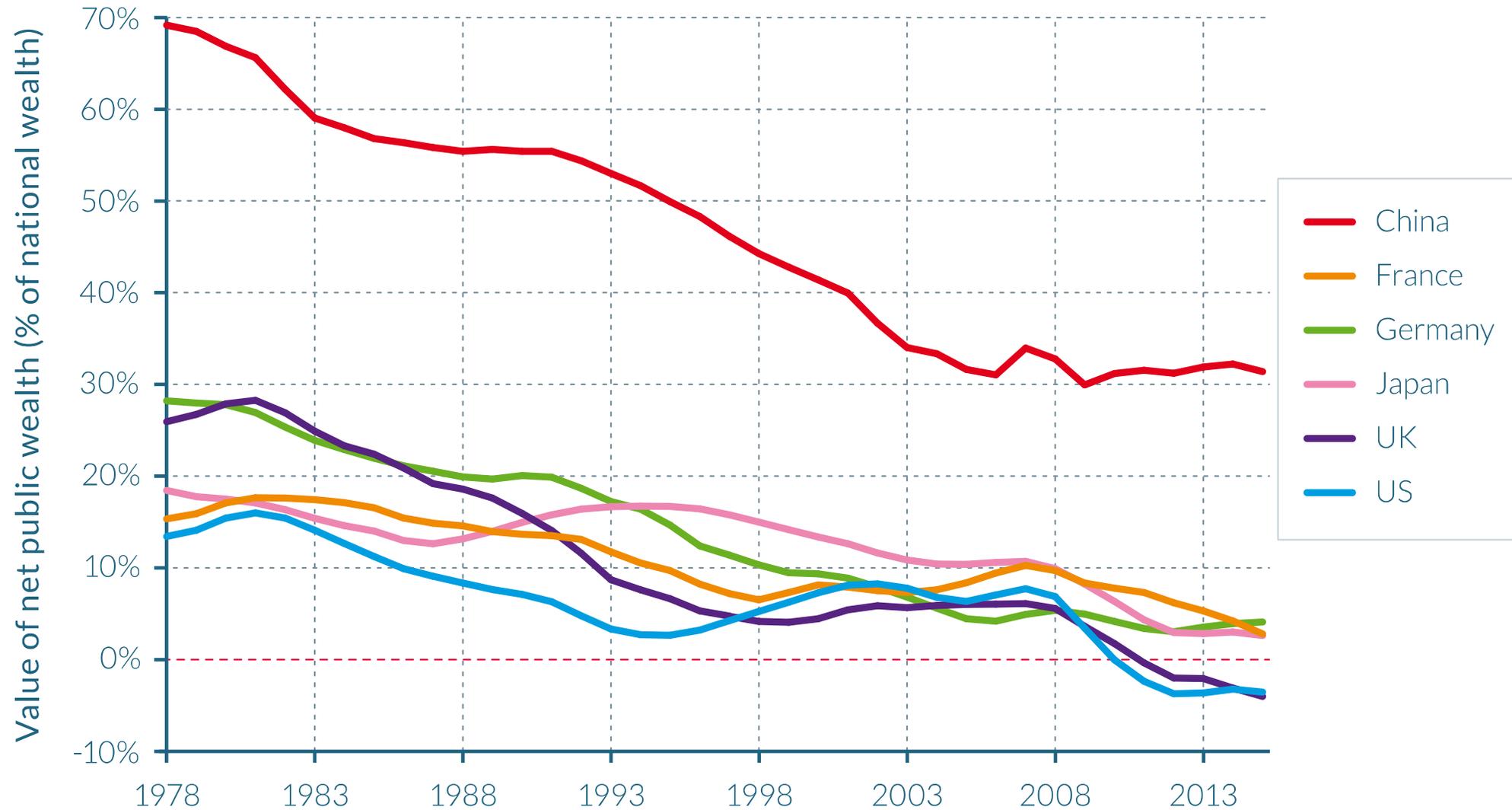


Rising inequality and unequal access to education



Source: Chetty-Saez et al, « The Equality of Opportunity Project », 2015

The fall of the share of net public wealth in net national wealth, 1978-2017



Source: World Inequality Report 2018, wir2018.wid.world

- **Why is rising inequality not leading to rising demand for redistribution?**
- **One possible explanation: globalisation & competition between countries make vertical redistribution more difficult to organize.**
I.e. if the only thing the modern nation-state can do is to control borders, then unsurprisingly the political conflict will be entirely about border controls and immigration.
→ end of class-based redistributive politics, rise of identity-based conflict
- Certainly part of the explanation, but not enough: too mechanical.
Nothing in globalization makes redistribution technically impossible.

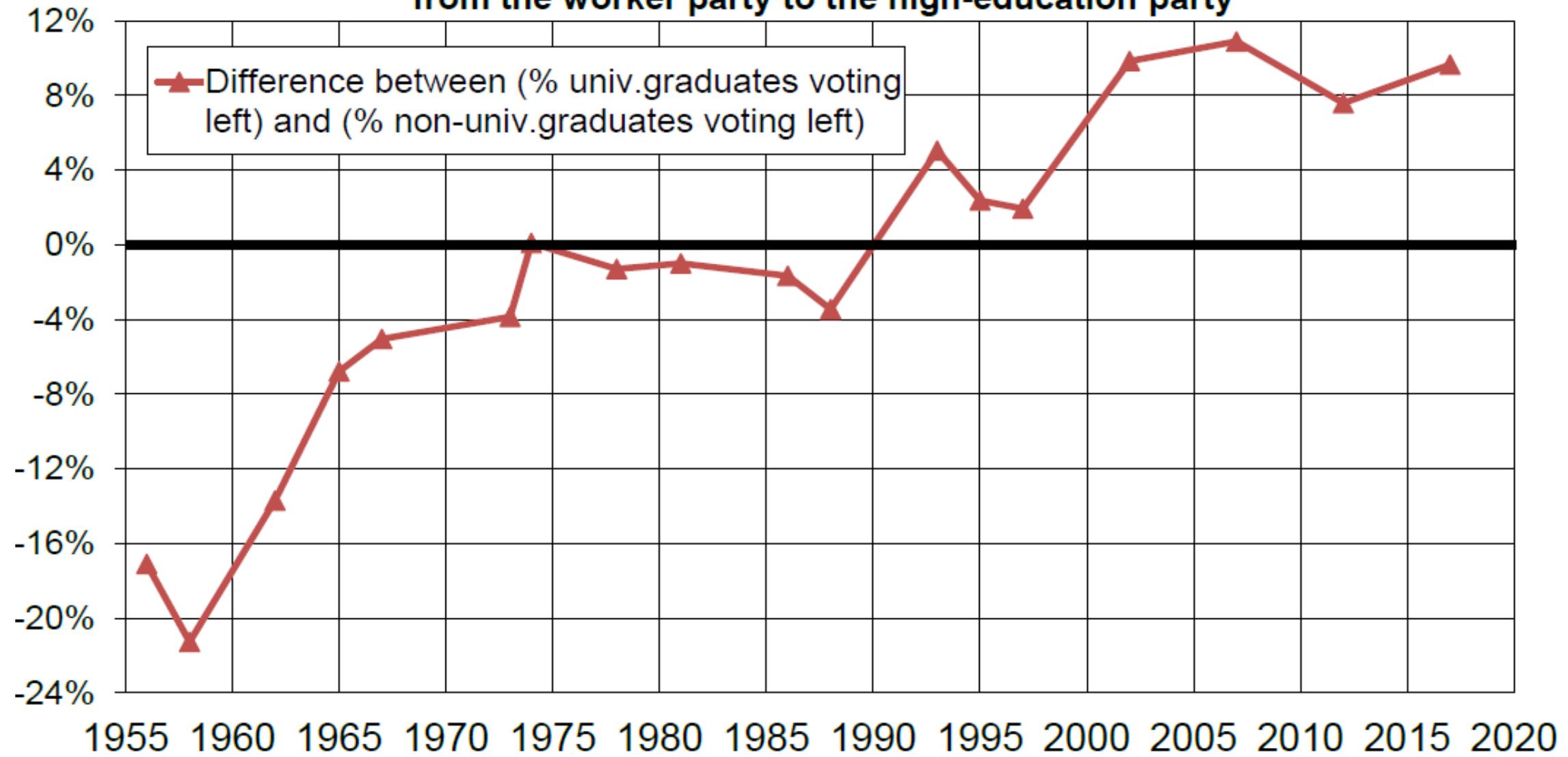
- History of inequality is political and ideological. E.g. the history of progressive taxation in 20c involves sharp ideological reversals, unexpected political bifurcations, and unstable institutional tinkering

→ in order to analyze the future of redistribution, one first needs to better understand the changing multi-dimensional structure of political-ideological conflict about inequality & redistribution: we know very little

In « Brahmin Left vs Merchant Right: Rising Inequality and the Changing Structure of Political Conflict », I build long-run series on changing political cleavages in order to make some (limited) progress in this direction

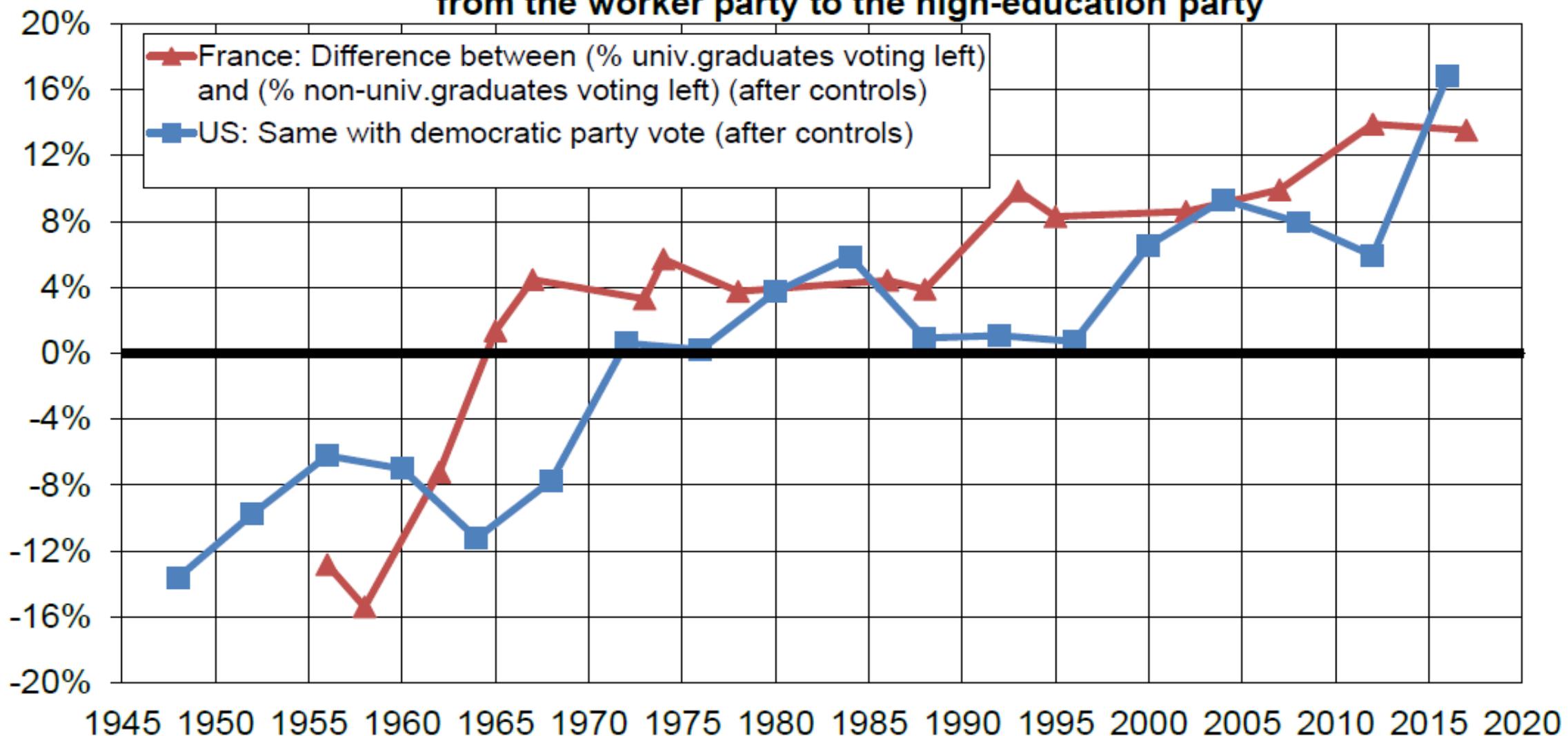
(see piketty.pse.ens.fr/conflict)

Left-wing vote in France, 1956-2017: from the worker party to the high-education party



Source: author's computations using French post-electoral surveys 1956-2017 (see piketty.pse.ens.fr/conflict)
Reading: in 1956, left-wing parties (SFIO-PS, PCF, Rad., various left, green, extreme-left) obtain a score that is 17 points lower among university graduates than among non-university graduates; in 2012, their score is 8 points higher among graduates.

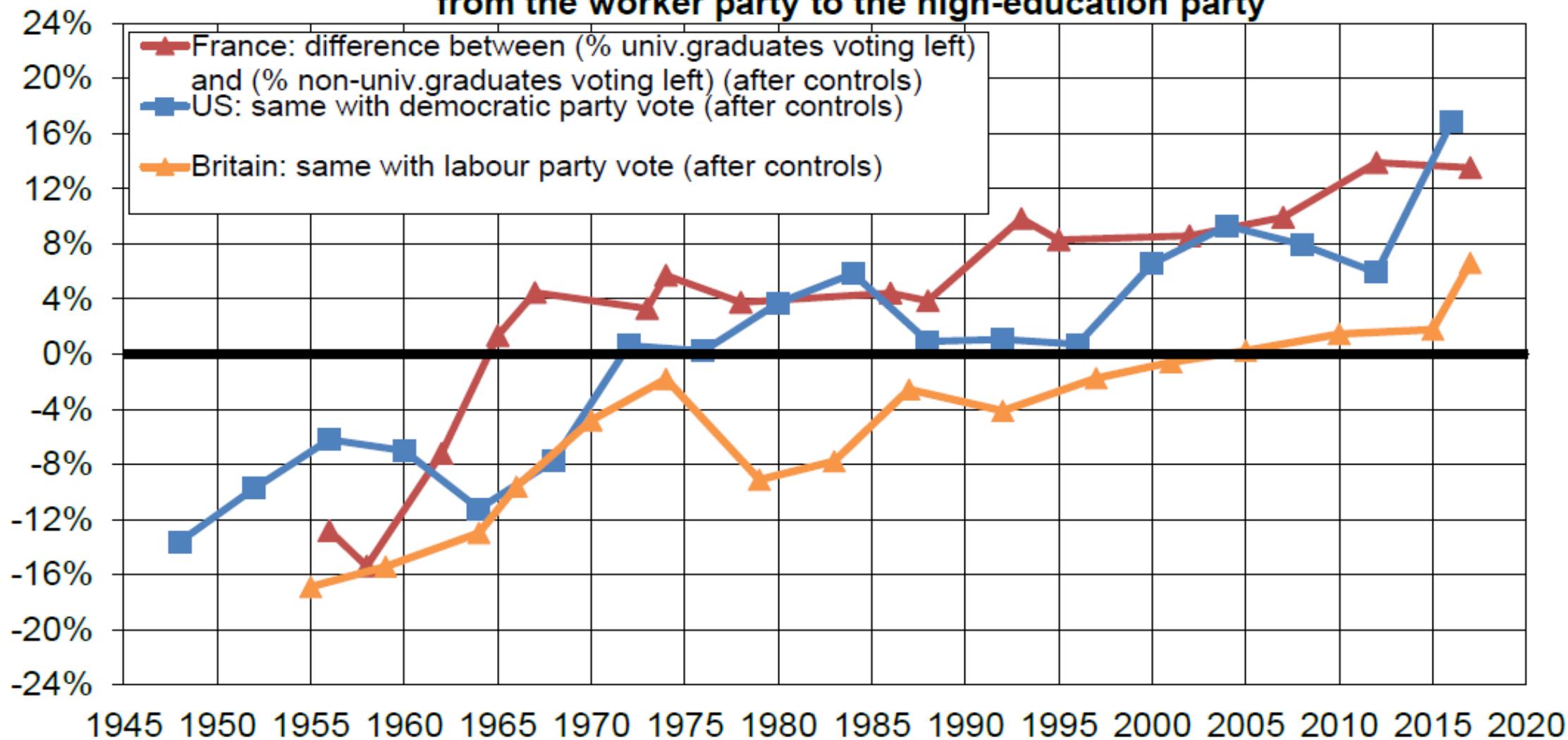
Voting for left-wing & democratic parties in France and the US, 1948-2017: from the worker party to the high-education party



Source: author's computations using French and US post-electoral surveys 1948-2017 (see piketty.pse.ens.fr/conflict)

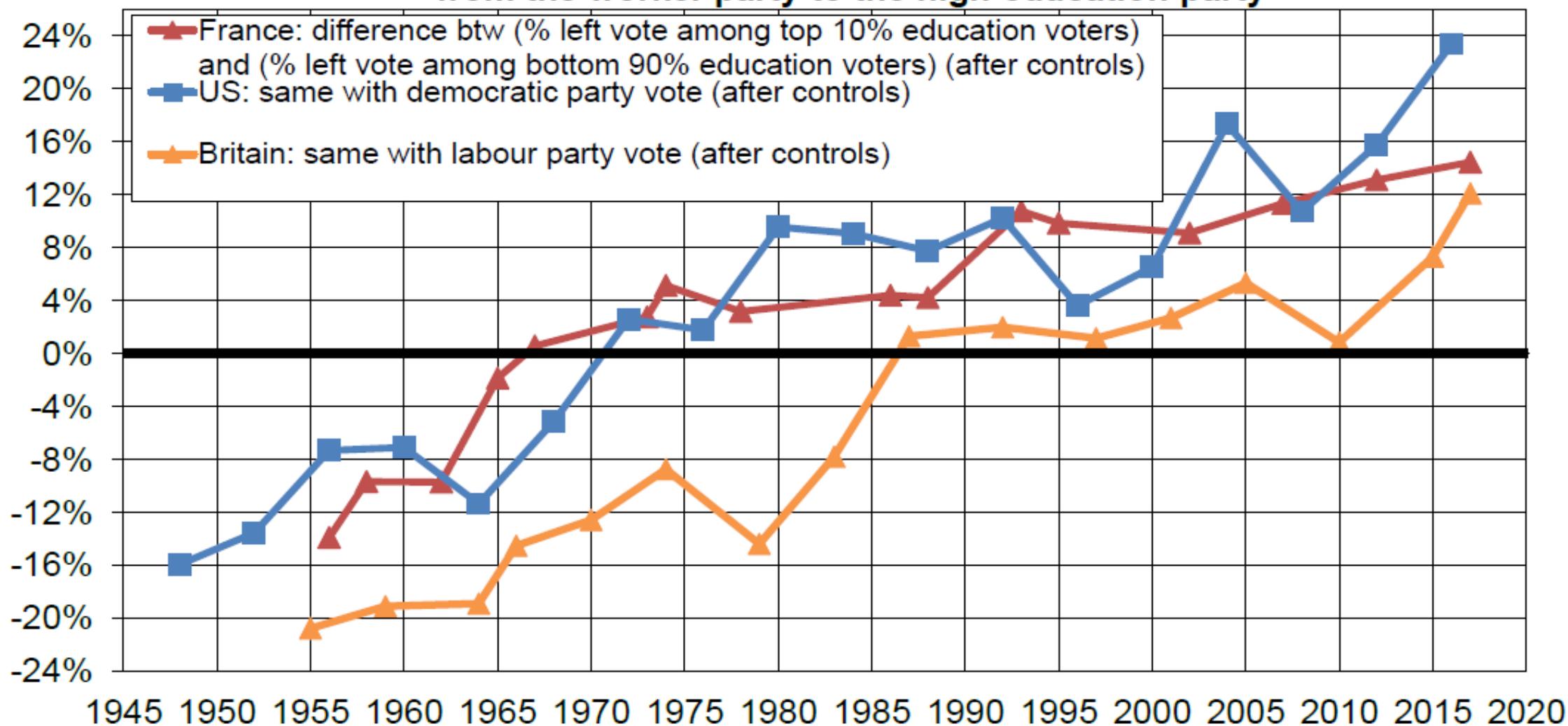
Reading: in 1956, left-wing parties (SFIO-PS, PC, Rad., green, extr.-left) obtain a score that is 14 points lower among university graduates than among non-university graduates in France; in 2012, their score is 13 points higher among university graduates (after controls for age, sex, income, wealth, father's occupation). The evolution is similar for the democratic vote in the US.

Voting for left-wing & democratic parties in France, Britain, US 1948-2017: from the worker party to the high-education party



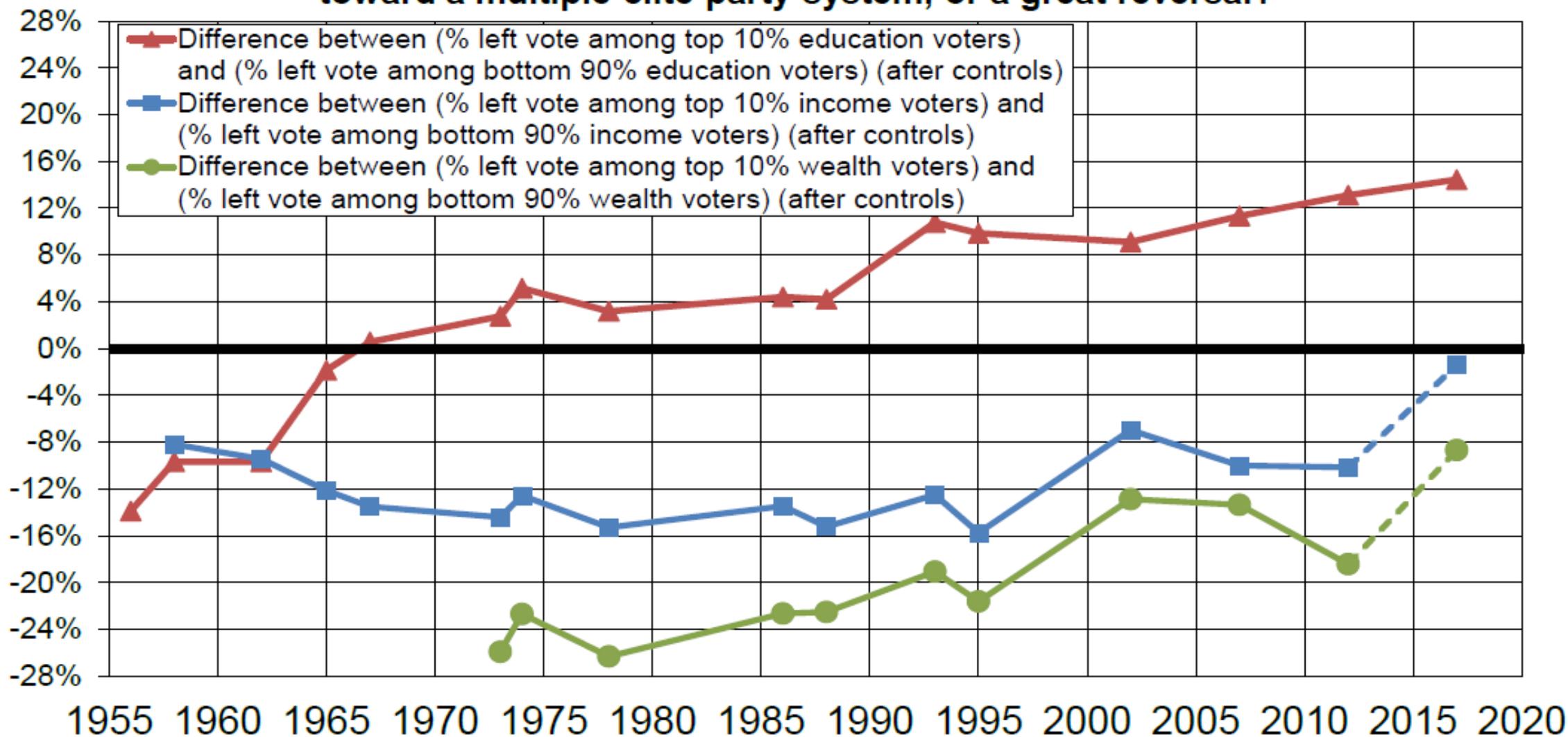
Source: author's computations using French, US and British post-electoral surveys 1948-2017 (see piketty.pse.ens.fr/conflict)
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Voting for left-wing & democratic parties in France, Britain, US 1948-2017: from the worker party to the high-education party



Source: author's computations using French, US and British post-electoral surveys 1948-2017 (see piketty.pse.ens.fr/conflict)
Reading: in 1956, left parties (SFIO-PS, PC, Rad., etc.) obtain a score that is 14 points lower among top 10% education voters than among bottom 90% education voters in France; in 2012, their score is 13 points higher among top 10% educ.voters (after controls for age, sex, income, wealth, father's occupation). The evolution is similar for democratic vote in the US and labour vote in Britain.

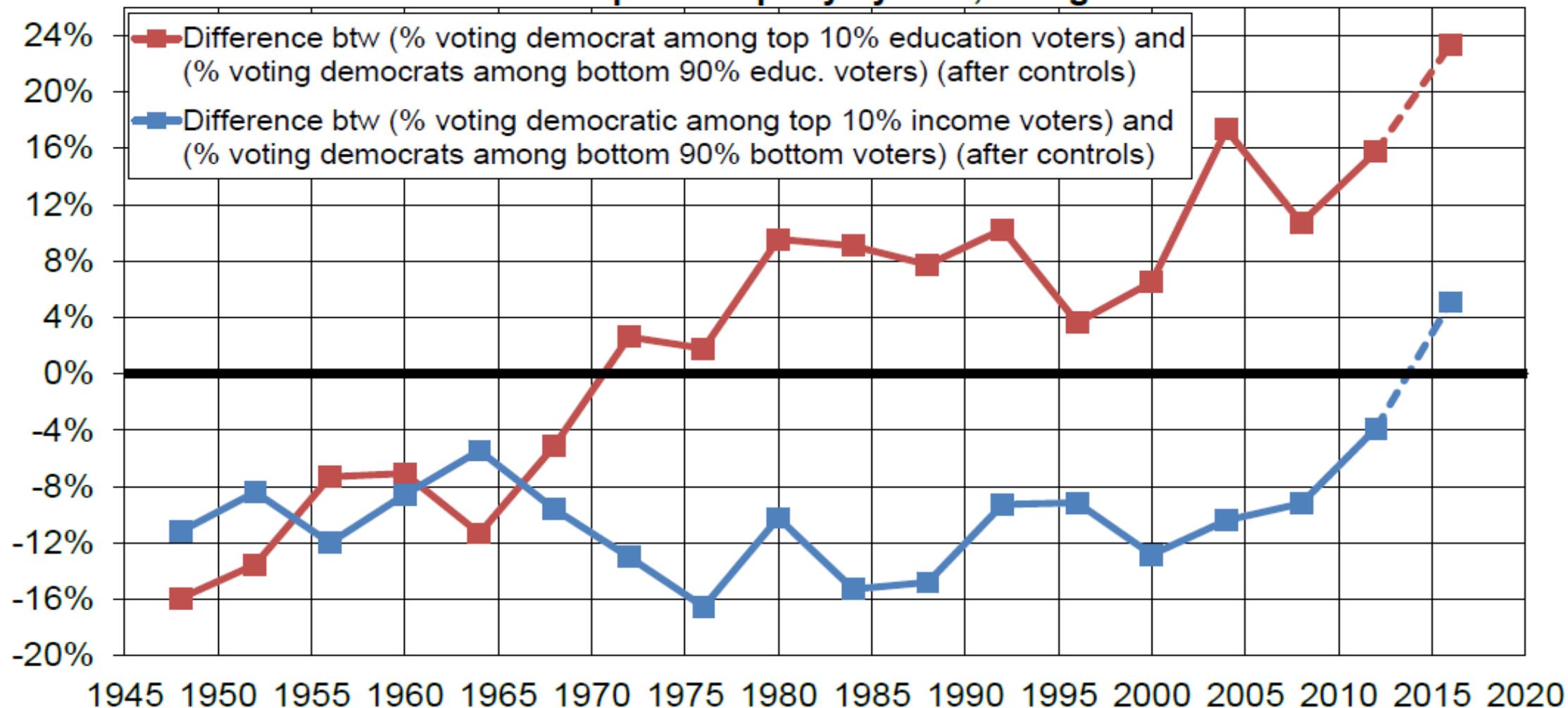
Political conflict in France, 1956-2017: toward a multiple-elite party system, or a great reversal?



Source: author's computations using French post-electoral surveys 1956-2017 (see piketty.pse.ens.fr/conflict)

Reading: the left vote used to be associated with lower education and lower income voters; it has gradually become associated with higher education voters, giving rise to a "multiple-elite" party system (education vs wealth); it might also become associated with high-income voters in the future, giving rise to a great reversal or realignment of the party system.

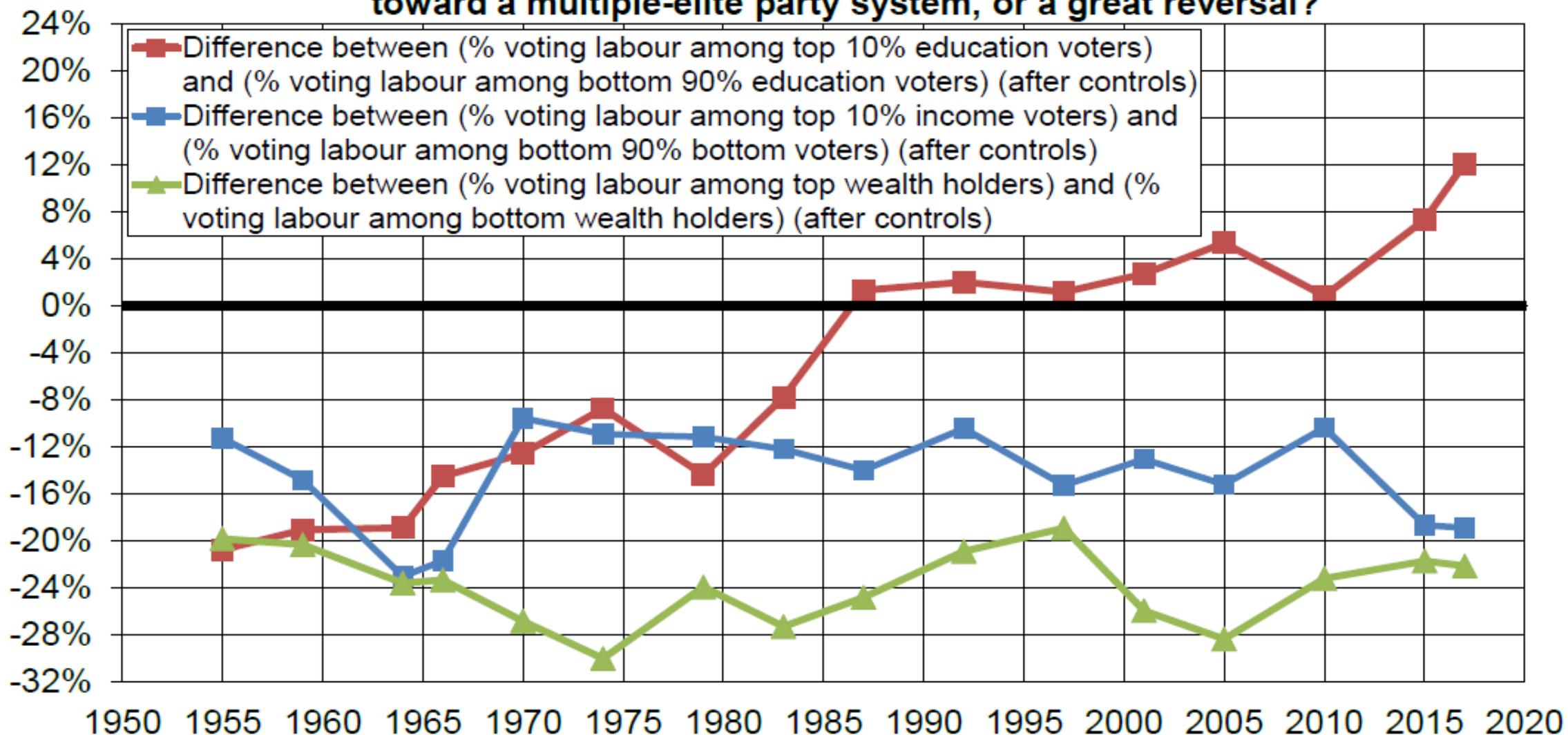
Political conflict in the US, 1948-2017: toward a multiple-elite party system, or a great reversal?



Source: author's computations using US post-electoral surveys 1948-2016 (ANES) (see piketty.pse.ens.fr/conflict)

Reading: the democratic vote used to be associated with low education and low income voters; it has gradually become associated to high education voters, giving rise to a "multiple-elite" party system (education vs income); it might also become associated with high income voters in the future, giving rising to great reversal and complete realignment of the party system.

Political conflict in Britain, 1955-2017: toward a multiple-elite party system, or a great reversal?



Source: author's computations using British post-electoral surveys 1963-2017 (BES) (see piketty.pse.ens.fr/conflict)

Reading: the labour vote used to be associated with low education and low income voters; it has gradually become associated to high education voters, giving rise to a "multiple-elite" party system (education vs income); it might also become associated with high income voters in the future, but at this stage this scenario seems less likely in Britain than in France or the US.

Conclusions

- **Globalisation/migration (domestic vs external inequality) and educational expansion (education vs property inequality) have created new multi-dimensional conflicts about inequality, leading to the collapse of the postwar left-vs-right party system.**
- Why didn't democracy reduce inequality?
- Because multi-dimensional coalitions are complicated.
- Without a strong egalitarian-internationalist platform, it's difficult to have the low-education, low-income voters from all origins vote for the same party. Racism/nativism & higher education = powerful forces dividing the poor if there's no strong uniting platform.
- **Social sciences can help.**