men. But while (i) was more causally efficacious in producing Jerry's bad behaviour than (ii), (ii) played a larger role than (i) for George. Jerry was intently focused on getting home in time, and was only slightly moved by his desire for revenge. George was more focused on getting revenge than on getting home. Thus, George's action seems to *manifest* ill will to a greater degree than Jerry's action – even though the desire for revenge was supposedly equally strong for both. Accordingly, more clarification seems needed of what's involved in an action's manifesting ill will.

Although A&S's views thus prompt questions, that is the mark of any thought-provoking contribution in philosophy. Their book warrants a careful read.

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Capital in the Twenty-First Century, Thomas Piketty. Harvard University Press, 2014, viii + 685 pages.

1. INTRODUCTION

Piketty's *Capital in the Twenty-First Century* stands for a threefold return: capital, inequality and ambitious political economy are back. Piketty shows that wealth and capital are as concentrated at the beginning of the 21st century as they were a hundred years ago; he argues that the egalitarian trend in the distribution of wealth and income observed in the middle of the 20th century was an exception due to particular historical and political circumstances; and analysing large amounts of historical data, identifying the laws of capitalism and proposing morally informed institutional reform, his work stands for a way of doing political economy side-lined in contemporary academia.

My review comes in three parts. First, I present the laws and contradictions of capitalism according to Piketty, outline three important observations about the concentration of capital and the trajectory and structure of inequality in income and ownership, and present his main proposal for regulating capitalism in the 21st century. Second, I raise a concern: to properly understand the trajectory and structure of inequality, we would need to know more about how to measure inequality and we cannot know how to measure inequality until we are clear about why equality matters. Piketty's project remains incomplete until combined with a more sophisticated understanding of the meaning of inequality and an account of its wrongness. Finally, I conclude by sketching two of the things that moral and political philosophers may learn from Piketty's analysis of inequality.

2. THE LAWS OF CAPITALISM, THE TRAJECTORY OF INEQUALITY, AND HOW TO REGULATE CAPITAL

The structure of inequality in a capitalist economy, according to Piketty, depends on how the income from economic activity is distributed between capital (the capital share of national income denoted by α) and labour (the labour share of national income as $1-\alpha$), which in turn depends on the significance of capital within an economy (expressed as the value of capital as a multiple of years of national income, the capital-income ratio *ß*) and the return on capital r. The capital share of national income increases as capital earns a higher return and as the size of the capital stock increases (captured in what Piketty calls the first fundamental law of capitalism: $\alpha = r \times ß$). The size of the capital stock is determined by how much is added to it through savings (the savings rate s) and overall growth (the growth rate g). When growth is low and savings are high the relative importance of capital or accumulated wealth goes up (expressed in the so-called second fundamental law of capitalism: $ß = s/g$). Under circumstances where the return on capital is higher than overall growth, circumstances which according to Piketty capitalism is prone to produce and sustain, the capital-income ratio and the capital share of income tend to increase, giving rise to a spiral of inequality and the by now famous 'fundamental structural contradiction of capitalism' (572): $r>g$.

Assembling and analysing vast amounts of data, including national account data and tax records in some cases dating back to the 18th century, Piketty comes up with major trends and observations about the structure and trajectory of capital and inequality. The first is the comeback of capital, almost returning to the levels of capital and wealth accumulation familiar from one hundred years ago and leading to what Piketty calls a 'new patrimonial capitalism' (173). In 1910 capital in Europe was worth almost 700% of combined national incomes ($ß = 7$), in 1950, it reached a low at 200%, but since the 1970s staged a comeback peaking at 550% in 2010. This development is a function of external shocks and variables (e.g. a decrease in *ß* through the destruction of capital during two world wars and an increase in *ß* has a consequence of low demographic growth) and to a lesser extent of public policy and regulation.

The second major observation is about the trajectory and structure of inequality in capital ownership: wealth is distributed highly unequally. After extreme inequalities in 1910 Europe (with the 'upper class' top 10% of the population owning 90% of capital, the 'middle class' 40% owning 5%, and the 'lower class' bottom 50% owning 5%), the 20th century witnessed a decrease in inequality and the emergence of a middle class, Scandinavia in the 1970s serving as the purest example (the 'upper class' owning 50%, the 'middle class' owning 40%, and the 'lower class' owning 10%), with a renewed increase in inequality of ownership over the past 30 to 40 years. While not returning to early 20th century levels, inequality in the possession of wealth and capital is high, in particular in the US (in 2010: the 'upper class' owning 70%, the 'middle class' owning 25%, and the 'lower class' owning 5% of national wealth). As the history and structure of wealth inequality is among other things (*ß*, *r* and *g*) a history of political events and interventions (in particular of capital taxation and inheritance taxation) a full return to the inequalities of the *Belle Epoque* is a clear but avoidable danger.

The third major observation is about the rise of income inequality: the 'society of rentiers' has been replaced by the 'society of managers' (276). After a low in the period between 1950 and 1970, income inequality has been rising in the US and Europe since the 1980s. In the US in 2010, almost 35% of wage income and more than 45% of total income (including income from capital) accrued to the top 10% of the population. And almost 12% of wage income and almost 20% of total income accrued to the top 1%. And again, according to Piketty, public policy and institutions seem of great importance in explaining the dynamic and structure of inequality: fiscal austerity, changes in labour market regulation, the design of the educational system and low marginal tax rates fed and keep feeding income inequality.

What institutional set-up holds the promise of effectively regulating capital in the 21st century? What are the instruments with which to reassert control over the dynamics of global capitalism, curb inequality and remedy the problems associated with it? In addition to discussing some ways of reforming domestic social and fiscal systems (Piketty discusses reforms of the pension and income tax system) as well as suggesting a pooling of sovereign debt and a budgetary parliament within the European Union, a global progressive tax on capital is Piketty's silver bullet. This is its design: tax all assets net of debt (i.e. real estate, financial and business assets) at market value, use a progressive tax rate (e.g. 1% for wealth of 1 to 5 million, 2% for wealth above 5 million), to break the spiral of inequality and capital accumulation (e.g. by effectively lowering *r*) and to generate revenues in the ballpark of 2% of GDP, thus striking the right balance between a general interest in the regulation of capitalism and respect for property and competition.

3. DISCUSSION: THE NEED FOR A MORAL THEORY OF INEQUALITY

Piketty underlines the 'normative and moral purpose' (574) of economics and emphasizes the importance of 'defining the meaning of inequality and justifying the position of the winners' (487). Unfortunately, these are the respects in which his arguments remain sketchy and incomplete. The absence of a moral theory of inequality accounts for important limitations of his project: (i) a closer analysis and understanding of equality would be needed to properly measure and compare inequalities; (ii) a clearer account of what is wrong with inequality would have to inform such an analysis; and (iii) a more sophisticated moral argument is needed to recommend an institutional or policy measure as the preferred remedy.

(i) What exactly determines whether or not one distribution is worse from the point of view of equality than another? An answer to the question of how to measure and compare inequalities would seem important for Piketty. He rejects synthetic measures of inequality like the Gini coefficient (269) and examines distributions in terms of how much income and wealth accrues to various percentiles of the population (the '1%', the 'upper class', the 'middle class', the 'lower class'). But measuring inequality involves a number of complications and intricacies he fails to discuss. This is problematic because there is more than one plausible answer to the question of how to understand or measure inequalities and not all of them support all of Piketty's claims about societies being more unequal today than a number of decades ago. Consider just two important questions on which Piketty does not take a stance (for an original discussion of these, see Temkin 1993: Chapter 2): in measuring inequality, are we concerned about the gap between the worse-off and the average, or about the gap between the worse-off and the top? Does it matter how many people are in, respectively, the group of the worse-off and in the group of the better-off? There is more than one plausible answer to each of these questions and how they are answered matters. Consider a change in the structure of inequality discussed by Piketty: is erosion of the middle class and the take-off of the 1% really problematic from the point of view of equality? Or put differently, did the emergence of a propertied middle class really make things better in terms of equality? Examining a somewhat stylized case illustrates the complication. Is 'widespread wealth' – society A (where 50 people possess $100 000 and 50 people possess $10 000) better or worse from the point of view of equality than 'superrich' – society B (where 1 person possesses $1 000 000 and 99 people possess $10 000)? There are (at least) two plausible considerations that explain why inequality in the society of the 'superrich' might be smaller: if you believe that an inequality is larger the more people are better off than those at the bottom, and that inequality should be measured by the distance between the worse-off and the average, two assumptions with at least some intuitive force, then inequality in the society of the 'superrich' is less extensive than the one in 'widespread wealth': in the society of the superrich almost everyone is equally well-off with only one outlier and the distance between the wealth of those at the bottom and the average wealth is smaller here than in the society of 'widespread wealth'. Taking the complications involved in understanding and measuring inequality seriously, judgements about a society being more unequal now than in the past are even less straightforward than Piketty imagines and more would have to be said.

(ii) In particular, more would have to be said about what is wrong with inequality. Here are some candidates mentioned by Piketty: some inequalities are out of line with a 'meritocratic logic' (265), undermine the 'fundamental unity of society' (409), and make for an 'enemy of democracy' (422). Here are some other reasons to be worried about inequality, not all of which are strictly speaking egalitarian and some of which seem to capture Piketty's overall concern: inequality may give rise to stigmatizing differences in status, stand for the fact that some are badly off even though they could be much better off, violate requirements of fairness and justice (Scanlon 2003). The problem is that concerns for meritocracy, social unity, inclusion, democracy, fairness and justice identify different types of inequality as particularly problematic. Trying to choose the most egalitarian society from a set of feasible alternatives, which society should the egalitarian choose? Imagine three societies, each with a total population of one hundred people either falling into the group of the worse-off or the group of the better-off (holding constant the per capita income levels in these groups). In the first society 99 people are in the group of the better-off and one person is worse-off, in the second society 51 people are in the group of the better-off and 49 people are worse-off, in the third society one person is better-off and 99 people are worse-off. Which of these societies is the most equal one? And which one should those who believe that equality matters work towards? It seems that a concern for stigmatization would definitely rule out the first society, a concern for democracy would rule out the second society, and a concern for the wellbeing of those who are worse-off would rule out the third one.

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To be sure, these are hypothetical cases. But understanding the structure of inequality and working towards greater equality is hard if not impossible, unless one knows more about why equality matters. Piketty's analysis is important. To successfully engage in the sort of political economy that he champions, however, one needs a more refined moral theory of inequality.

(iii) There are two further respects in which the absence of a more explicit moral theory is problematic. First, moral argument would be required to justify the scope of Piketty's analysis of inequality: his concern is almost exclusively for domestic inequalities and he claims that 'in the long run, unequal wealth within nations is surely more worrisome than unequal wealth between nations' (432). There are two ways of making sense of Piketty's approach, each of which gives rise to questions that are difficult to answer without a moral theory of inequality. On the one hand, one could think of inequality within nations as more worrisome than inequality between nations because the gap between nations is narrowing. But should one really think of a world in which due to the emergence of India and China global inequality is declining (as argued in Milanovic 2014) as a world in which inequality is staging a return? On the other hand, one could think that inequality within nations is more worrisome regardless of how inequalities between nations develop. But why should there be a greater concern about the distance between the bottom 50% and the top 10% in the US than say the distance between the bottom 50% and the top 10% globally? None of these questions can be answered without being more explicit about why equality matters.

Second, lack of an explicit moral theory seems to account for an aspect of Piketty's work that has been criticized for being narrow minded or lacking institutional imagination: his advocacy of a progressive global tax on capital as the preferred instrument of regulation and policy reform. In defending his proposal, Piketty makes a number of interesting claims: he refers to a global wealth tax as a 'utopian idea' which could serve as 'a standard against which alternative proposals can be measured' (515), argues that the introduction of a wealth tax at least on a European level would be realistic (530), and defends taxation as a liberal compromise, for example between 'social justice and freedom' (505), respecting 'private property and competition' (532). The following questions underpin my suspicion that Piketty's lack of institutional vision is related to his lack of moral precision: why accept feasibility as a relevant consideration when identifying a utopian standard against which to measure alternatives? And why accept a policy as a compromise between different values without exploring the meaning and significance of these values? It seems that a more adequate argument in support of an egalitarian policy would unfold along these lines: figure out what matters about equality (e.g. justice, democracy, stability, etc.), figure out what else matters (e.g. what is the value of property rights and competition?), figure out what ways of realizing these values are feasible (e.g. is a global progressive tax really more feasible than say public ownership?), go for the option that strikes the right balance both between the different values at stake and between what is valuable and what is feasible. It is far from obvious that a progressive tax on capital would come out top on such an approach.

4. CONCLUDING REMARKS

My discussion of Piketty has been lopsided and merely looking in one direction: to do the type of political economy that Piketty has in mind one would have to be more of a moral philosopher. But there is also a different perspective: there is a lot that moral and political philosophers in general, and moral and political philosophers interested in equality in particular, can learn from Piketty's project (cf. Ronzoni 2014).

The general lesson is about method. Piketty's methodological success is at least twofold. He succeeds in getting an incredibly large audience excited about a sophisticated analysis of historical income data. And he manages to write about big issues of great public and political concern in a way that academic economists have to take seriously. How to be relevant without giving up the standards and rigour of one's discipline? It is not clear that moral and political philosophers have found a convincing answer. Reading Piketty with this question in mind will be instructive.

The particular lesson is about the subject matter of equality. Piketty's discussion is fascinating not only because of his detailed empirical analysis and identification of major dynamics but because he does not shy away from recommending political and institutional remedies. Piketty's political economy of inequality is exciting precisely because it is ambitious. The political philosophy of inequality should take a leaf out of Piketty's book. Figuring out inequality in the 21st century and coming up with effective responses to the moral challenges of contemporary capitalism, philosophers should take social science findings seriously, embrace the significance of structures and institutions, and think hard about regulation and policy reform.

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The Great Escape: Health, Wealth and the Origins of Inequality, Angus Deaton. Princeton University Press, 2013, xv + 360 pages.

1. INTRODUCTION

In consideration of whether or not this is a good time in human history to be alive, we are faced with two observations. The first: overall, things seem to be much better. Human beings have never lived as long as they do now and economic prosperity is enjoyed by a greater number of individuals than ever before in recorded history. The second: our world today is a highly unequal one, where the country into which one is born can add or remove decades from one's life expectancy, and large proportions of the global population continue to die from illnesses from which other parts of the world have been free for decades. The engine of material progress that has resulted in unprecedented prosperity for many has also left many others behind, opening up large inequalities as portions of the human population secure a 'great escape' from poverty and low life expectancy.

Angus Deaton's book dissects this tension in fascinating detail, unpacking the relationship between progress and inequality with the use of data and historical analysis. Written in a highly accessible style and aimed at a lay audience, Deaton engages his reader across a wide terrain of issues, oftentimes in great detail, outlining the controversies surrounding the core empirical measurements that he discusses, including life expectancy, economic growth, poverty and purchasing power parity.