

Piketty's *Capital in Twenty-First Century* has posed a totally new platform for the discussion of the economy and capitalism. Piketty has reinvented the classical political economy founded by Adam Smith in his 1776 *Wealth of Nations*. Piketty has shown *via* massive historical research how growth and inequality have developed since 1793. Piketty's conclusion is that the French Revolution did not change the existing inequality either in the medium or in the long term. Piketty's prediction is that a new form of global capitalism will arise, patrimonial capitalism, in which inequality will develop further and the 1% of the World population will control 95% of all wealth in the World.

Introduction

Piketty's *Capital in Twenty-First Century* has posed a totally new platform for the discussion of the economy. This could also be said as Piketty reinventing the classical political economy founded by Adam Smith in his *Wealth of Nations* (1776). It is therefore with good reason that Piketty's *Capital in Twenty-First Century* has been celebrated in many highly recognized journals as the most significant economic treatise since Keynes'. Although the book has only been published recently, there are already a lot of economic articles discussing the book. The reason is that Piketty has shown *via* massive historical research how growth and inequality have developed since the 1700s. This long historical time span has given a new understanding of growth and inequality.

However, it would be too limited to see Piketty only as a classical political economist working in Adam Smith's tradition, and this is also Piketty's perspective on his own work. In fact, Piketty should also be seen as a French leftist liberal political philosopher and, in a broader sense, as a French highly cultivated social scientist, in the sense that he takes his point of departure in the key event in French history, which is the French Revolution and the Declaration of the rights of man and citizen in 1789, in order to describe the consequences of the revolution for the development of inequality and growth in French society until our time. It is this perspective that Piketty has generalized afterward into a research on growth and inequality in all the Western World in the same period. This global generalization blurs Piketty's basis in the French Revolution and his work becomes in the reception a more mainstream neoclassical economic study that has been praised for its being grounded in an enormous mass of empirical data collected by a team of researchers

coordinated by Piketty. Therefore, I would like to reconstruct Piketty's French perspective, which I think should be retained when we move on to Piketty's global perspective in *Capital*. It is only in this way that the full value of Piketty's work can be understood.

Piketty's Problem and Piketty's Political Philosophy: French Revolution, Human Rights and the continuing Inequality after the French Republic

The French Revolution

Piketty takes his point of departure in the discussion of the French Revolution. The French Revolution is the pivotal event in the creation of modern France, and all the discussion about the history of modern France is concerned with the interpretation of the French Revolution. *The Declaration of Rights of Man and Citizen* has here a determinate role, because the *Declaration* constitutes the juridical basis for the new constitutional regime and the new laws of the new republic, especially the *Code civil des Français* or *Code Napoléon* from 1804.

Freedom, Equality and the Common Utility

The fundamental principles of freedom, equality and common utility are formulated in §1 of the *Declaration*: "Men are born and remain free and equal in rights. Social distinctions may be found only upon the common utility".

This first paragraph is also the basis for Piketty's *Capital*, and this is emphasized on the first page of the introduction to the book. Therefore it would be right to regard *Capital* on the line of a political philosophy. Piketty's basic problem in *Capital* is first of all a political problem of equality and redistribution of wealth. This is what makes Piketty's *Capital* so interesting. Piketty's *Capital* is, as a political treatise, based on the *Declaration* of the French Revolution that has played a significant role for the later formation of other new regimes in Europe and, much later on, for the formulation of the UN Human Rights. Therefore, Piketty's *Capital* is really situated in the center of the political discussion of the post-revolutionary modern regimes and societies in so far as it is concerned with freedom and equality as the basis for the evaluation of a just society. On this background, Piketty's *Capital* should be read both as a political and an economic treatise that discusses how the

dictum of the §1 in Human Rights' claim of equality ought to be fulfilled and how it is not fulfilled in reality in most Western societies, which he has studied on an empirical basis to an unprecedented extent.

Redistribution of wealth through taxation used for public services

According to Piketty, the problem of inequality should be solved through a redistribution of wealth (Piketty 2014: 479ff.). This should not consist in charity as a transferring income from the rich to the poor. It should rather consist in financing public services and replacement incomes that are more or less equal for everyone, especially in the areas of health, education and pensions.

More in general, this point could be formulated as that what is essential in the redistribution of wealth is to build institutions concerned with needs that are common to all citizens, such as health, school, leisure, good common transportation, recreational areas, free time, etc.. In that sense the redistribution of wealth can have the perspective of the good society.

How far do equal rights extend?

Modern redistribution is according to Piketty built around rights and equal access to a certain number of goods deemed to be fundamental (Piketty 2014: 479ff.). This is formulated in the French *Declaration* §1. The question is how far should equal rights extend? Should it simply be free access to the market? Should it include equal rights to education, health care or pensions as we know them in the Scandinavian societies? Or should it also include rights to housing, culture and travel?

Piketty claims that the §1 of *Declaration* has given a form of answer to this question in the sense that it has reversed the burden of proof (Piketty 2014: 480). The basic norm is equality. Inequality is acceptable only if based on "common utility".

Rawls

Piketty refers in this context to Rawls' principles of justice and especially his second principle of distribution. In fact, Rawls' two principles could be regarded as a modern

philosophical edition of §1 in *Declaration*. Rawls' two principles are as follows (Rawls 1971, §11):

First: each person is to have an equal right to the most extensive scheme of equal basic liberties compatible with a similar scheme of liberties for others.

Second: social and economic inequalities are to be arranged so that they are both (a) reasonably expected to be to everyone's advantage, and (b) attached to positions and offices open to all.

The first principle is concerned with freedom and corresponds to the first part of *Declaration* §1. The second principle corresponds to the second part of *Declaration* §1. However, Rawls' second principle could be regarded as more radical than the second part of *Declaration* §1, because inequalities should not only be to everyone's advantage. They are also only acceptable if they are attached to positions and offices that are open to all. This means among other things that big fortunes acquired by heritage would not be acceptable because they are not open to all.

The French Revolution did not create a just society

Piketty's fundamental problem is that the French Revolution did not create a just society in accordance with the second part of §1 in the *Declaration*: "Social distinctions may be founded only upon the common utility".

Condorcet's happy optimism during the French Revolution

During the French Revolution we find considerable optimism for the realization of a new society with equality. The inheritance laws had been changed and the Civil Code granted everyone equal rights with respect to the market and property, and guilds had been abolished (Piketty 2014: 362f). All the changes created the expectation that inequalities would be abolished.

The marquis de Condorcet gave expression to this optimistic view in his *Esquisse d'un tableau historique des progrès de l'esprit humain* (1793-1794), where he writes that "it is

easy to prove that fortunes tend naturally toward equality, and that excessive differences of wealth either cannot exist or must promptly cease, if the civil laws do not establish artificial ways of perpetuating and amassing such fortunes, and if freedom of commerce and industry eliminate the advantages that any prohibitive law of fiscal privilege gives to acquired wealth" (Condorcet 1970: 199; Piketty 2014: 363f.).

Historical consequences of French Revolution

The historical contrast to this optimism is the concentration of wealth that increased steadily in France throughout the nineteenth century and ultimately peaked in the Belle Époque (1871-1914) at a level even more extreme than when the republican Civil Code was introduced in 1804 (*Code Napoléon* 1827). The top 10% owned more than 70% of total wealth in 1913. This is even more than the concentration of wealth in Britain at the same time (Piketty 2014: 365).

The French Revolution was an illusion and failed

It is on this background that Piketty notes that the French revolution was an illusion and has failed. Freedom and equality were the leading concepts and perspectives for the French revolution, but it did not hinder the growth of inequality (Piketty 2014: 364ff.).

Piketty's Method - The Historical Perspective

What is special about Piketty's research?

If we want to understand Piketty, we have to see him in the French context which has a tendency to disappear in the English edition of *Capital*. The interesting thing about Piketty's method is that he wants to integrate economics as a sub-discipline of the social sciences, alongside history, sociology, anthropology, political science and even literature (Piketty 2014: 573 ff.). This is also what Piketty's *Capital* is about. He integrates these different perspectives, and he would not have been able to come to his results, if he had not integrated all these different perspectives.

Following this, Piketty wants to reconstruct the classical political economy as a value-based

science, which is connected to its political, normative and moral purpose (Piketty 2014: 573 ff.). This perspective is also found in Adam Smith and further back in classical political philosophy such as Aristotle's and Thomas Aquinas'. The fundamental question according to Piketty is: How can public policies and institutions bring us closer to an ideal society? (Piketty 2014: 574). This was also the question of Aristotle, Aquinas, Adam Smith, Hegel and Marx. They had very different answers to this question, but they all had in common that the economy should be subordinated to the political, normative and moral value-horizon. A fortiori, no plausible economics could be sustained independent of adequate moral, social and political interpretations. According to Piketty, political economy in modern times should be a part of the public discussion, in the sense that the values should be found in the public democratic discussion. This is, according to Piketty, not the case in economics, as shown by the immoderate use of economic models, calculated without regard to the political, social, cultural and historical contexts.

The Annales School and its impact on the social sciences and the humanities in France - François Furet and his Serial Economic History

The Annales School

Piketty is inspired by the French *Annales* School, which is a historical school in which is emphasized the long-*durée* approach to stress slow and often imperceptible effects of space, climate, technology on the actions of human beings in the past.

François Furet's Historical Economic Studies

The French historian François Furet could also be seen in this tradition. Piketty is especially inspired by Furet and others historical-economic studies of the changes of profit in France in the 19th century, especially *Le mouvement du profit en France au 19e siècle* (Bouvier, 1965).

Furet introduces his study with the following sentence: "As long as the incomes of the various classes of contemporary societies remain beyond the reach of scientific inquiry, there can be no hope of producing a useful economic and social history" (Bouvier, 1965: 9). This could be said to be Piketty's program in *Capital* as well.

François Furet - Serial or Quantitative History

Piketty is especially impressed by Furet's 'serial history' or 'quantitative history', which is a method for systematic historical study on the basis of quantitative data. This could be about profit, as in Furet's *Le mouvement du profit en France au 19e siècle*, but it could also be on all other historical topics in which quantitative data are included. Furet himself made later on a study about the development of literacy in France from Calvin to Jules Ferry in *Lire et écrire: l'alphabétisation des Français de Calvin à Jules Ferry* (Furet, 1977). Serial or quantitative history was a broad trend in the social sciences in France in the period 1930-1980. As an example, it could be mentioned that Pierre Bourdieu also integrated serial historical data in his sociological work, for example in his study *Les héritiers - les étudiants et la culture*, which is concerned with unequal access to higher education in France (Bourdieu, 1964). Bourdieu's concern is very similar to Furet's *Le mouvement du profit en France au 19e siècle*, and it is from the same period i.e. the middle of the sixties. On the other hand, Piketty has also studied how the size of school classes influences the pupils' later success (Piketty, 2004; Piketty, 2006).

Piketty is broadly based in the social sciences and the humanities in the postwar France

What I would like to emphasize is that Piketty is broadly based in the social sciences and the humanities in the postwar France milieu and further back, at the time of the French Revolution. Piketty integrates economics in this broader intellectual framework of history, political philosophy, politics, sociology and other humanistic and social sciences. The later famous 'global' and 'English-writing' economist Piketty should be understood on the background of his French context. Piketty had developed his method and intellectual horizon in the light of the *Declaration of Rights of Man and Citizen* and the history of France before he entered the global scene.

Piketty's steps towards being a global economist

Piketty made several studies on inequality in France (Piketty, 1998), among which the best known is *Les hauts revenus en France au 20e siècle* (Piketty, 2001). In the continuation of Piketty's studies of inequality in France, he pursued his research with many other scholars in economics. First of all should be mentioned Anthony Atkinson in the UK and Emmanuel Saez in the US (Piketty, 2014: 16 ff.).

Piketty writes himself: "My earlier work on high-income earners in France, *Les hauts revenus en France au 20e siècle* (2001) had the extremely good fortune to win the enthusiastic support of Anthony Atkinson and Emmanuel Saez. Without them, my modest Francocentric project would surely never have achieved the international scope it has today" (Piketty, 2014: vii). Together, they studied the top incomes in the UK, Europe, US and other countries in the World (Atkinson and Piketty, 2007; Ibid. 2010; Atkinson, Piketty, Saez, 2011). A result of these studies and the engagement of many other scholars created the basis for the establishment of the World Top Income Database (WTID).

It is on the background of these studies and a huge collection of global data that Piketty was finally able to write and edit *Capital* in French in 2013 and in English in 2014. *Capital* is concerned with the development of inequality and growth in Europe and the US in the last two hundred years and with a prognosis for the global World in the 21st century. The interesting thing about *Capital* is that it has the long historical perspective which is the special trademark of the *Annales* School tradition. It is this long-time horizon that gives *Capital* its persuasive character.

Piketty's General Economic Theory and the Perspectives of this Theory

Piketty's basic thesis: $r > g$ - Revenue is bigger than growth in a long historical perspective

Piketty's basic thesis is that revenue, r , is bigger than growth, g , during the last two hundred years in Europe and the US, and in fact also more generally in all higher developed societies in the past. Therefore, there has been a tendency to a strong inequality the last two hundred years in Europe. This has in general also been a tendency in all the European

history and especially in all higher developed societies in general. In that sense all societies in history have been class societies, although the forms of class societies have been very different.

Growth will only be 1% in the long historical perspective - Piketty table 2.1 World growths since the industrial revolution

Piketty presents a table for World growth since the industrial revolution (Piketty, 2014: 73, table 2.1). It shows that most of the growth in history has its origin in the growth of population. When the growth of population is extrapolated, the growth rates are almost insignificant until 1820. Hereafter, we have for the period 1820-1913 a growth rate at 0.9% and for the period 1913-2012 at 1.6%. These relatively low growth rates will continue in the future. There is, according to Piketty, no example of a country at the World technological frontier whose growth in per capita output exceeded 1.5% over a lengthy period of time (Piketty, 2014: 93f.). In the period 1990-2012, the growth rates have even been smaller. There is therefore no empirical or historical data that can support the imagination that growth ought to be at least 3 or 4 percent per year. This is only the case for societies in an early industrialization phase.

The insight that we can at best expect a growth of around 1% per year has far-reaching political perspectives because it shows that growth cannot be set in the front as the fundamental perspective for the development of an economy and a society. It is interesting to see that this perspective has already been incorporated in the predictions of a global consultant firm like McKinsey for the future of growth in global society (*Global Growth*, 2015).

Average annual growth rate	World output	World population	Per capita output
0-1750	0.1%	0.1%	0.0%
1750-2012	1.6%	0.8%	0.8%
incl.: 1700-1820	0.8%	0.4%	0.4%
1820-1913	7.8%	0.6%	0.9%
1913-2012	3.0%	1.4%	7.6%

Between 1913 and 2012, the growth rate of world GDP was 3.0% per year on average. This growth rate can be broken down between 1.4% for world population and 1.6% for per capita GDP.
Sources: see piketty.pse.ens.fr/ineq/1.1

Table 2.1

Inequality - Kuznets' Curve - Piketty figure I.1.

However, the American economist Kuznets developed in the 1950s a theory in which it was claimed that there had come a new tendency towards a decline of inequality after the end of Second World War in 1945, and Kuznets declared that this decline would be able to continue (Piketty, 2014: 13 ff.). This theory gave rise to the so called Kuznets' Curve. According to this theory, inequality everywhere can be expected to follow a 'bell curve'. In other words, it should first increase and then decrease over the course of industrialization and economic development. The optimistic slogan was: "Growth is a rising tide that lifts all boats" (Piketty, 2014: 11).

The decrease in inequality from 1945 could also be seen as a decreasing curb or a half 'U'. Unfortunately, this decreasing tendency in inequality stopped around 1970 and began to take the opposite direction. Therefore, Piketty could be said to have turned Kuznets' curb around from a 'bell' formed curve to a 'U' formed curve. This is very well illustrated in Piketty's figure I.1 over income inequality in the United States, 1910-2010 (Piketty, 2014: 24, Figure I,1). This figure has a clear 'U' form and illustrates that inequality is now at the same level in the US as it was at its high in 1930.



FIG. I.1

Prognosis of the future development of inequality

Piketty poses the questions whether there is a danger that the forces of financial globalization will lead to an even greater concentration of capital in the future than ever before, and whether this has already happened (Piketty, 2014: 430).

It is Piketty's prognosis that inequality will develop to a degree as it was before 1912. The prognosis is that inequality will develop to an enormous concentration of wealth (Piketty, 2014: 430 ff.). Of course, it is not possible to give an exact prognosis. But there can be found historical and economic arguments for the prognosis.

The historical argument is based on the changes in economic wealth since 1987. A determinate argument is the unequal returns on wealth (Piketty, 2014: 430 ff.): The tendency that wealthier people can obtain higher average returns than less wealthy people. The main argument is very simple. Wealthier people have greater means to employ wealth management consultants and financial advisors. A second reason is that it is easier for wealthier people to take risks as well as to be patient. Such mechanisms can automatically lead to a radical divergence in the distribution in capital. According to Piketty, such an inegalitarian process may take unprecedented proportions in the new global economy (Piketty, 2014: 431).

The only pure economic countervailing force Piketty sees to this development in inequality is astonishingly growth (Piketty, 2014: 431). If the global growth rate is high, the relative growth rate of very large fortunes will remain moderate, not very much higher than the average growth rate of income and wealth. Piketty gives the example that if the growth rate is 3.5% percent a year, as was the case between 1990 and 2012 and may continue to be the case until 2030, the largest fortunes may still continue to grow more rapidly than the rest, but less spectacularly than if the global growth rate were only 2 or, even more frightening,

only 1 percent.

Piketty's perspective is, as mentioned, that in the long run, if and when the poor countries have caught up with the rich ones, global growth will slow down to something between 2% and 1%. After the Chinese example, this is no longer an unthinkable or an unrealistic future. The Western World has no longer the natural hegemony at the World market, capitalism and profit is no longer reserved for this part of the World.

The consequence of the global decline of growth will, according to Piketty, lead to escalating unequal returns on wealth because of the tendency whereby wealthier people can obtain higher average returns than less wealthy people (Piketty, 2014: 430 ff.). There may be an enormous concentration of wealth among the 1%, 0.1% and 0.01% riches people, who will be able to control 70% to 90% of the wealth in the World. It sounds immediately outside any possible imagination and reality. Unfortunately, the tendency is already a fact that can be verified empirically.

Piketty remarks that his analysis is less apocalyptic than those implied by Marx's principle of infinite accumulation and perpetual divergence, because Marx did not imply a productivity growth over the long run (Piketty, 2014: 22ff.). Piketty regards his model as being more open because divergence is not perpetual and only one of several possible future directions for the distribution of wealth.

It is important to note in Piketty's theory that the fundamental $r > g$ inequality, the main force of divergence, has nothing to do with market imperfection (Piketty, 2014: 27). On the contrary, the more perfect the capital market is in an economic sense; the more likely r is to be greater than g . This is, according to Piketty, an economic logic or rule.

However, according to Piketty, it is possible to imagine that public institutions and policies would counter the effect of this implacable economic logic. This is a key point in Piketty's theory. Capitalist economy has a rationality that can be expressed in rules. But these rules must be understood in the historical context of institutions and politics in a society.

Piketty's special focus is here the possibility of a progressive national and global taxation of capital as the way for creation of a just and equal society in accordance with the first

paragraph of *The Declaration of Rights of Man and Citizen*.

Patrimonial Capitalism - Rentier Capitalism - Hereditary Capitalism

It is Piketty's expectation that there is going to be a dominant form of capitalism that he calls "patrimonial capitalism" (Piketty, 2014: 173). It could seem to be a new form of capitalism, but in fact it is a form capitalism, which was known in the end of the 1800s until 1914. It is characterized by a huge accumulation of private wealth among a small part of the population, the upper 10%, 1%, 0.1% and 0.01%. At the beginning of the 1970s, the total value of private wealth in the Western societies stood between two and three-and-a-half years of national income. Forty years later, in 2010, private wealth represented between four and seven years of national income in the Western World. The general evolution is clear: This is a strong comeback of private capital in the rich countries since 1970 (Piketty, 2014: 173). This concentration of wealth is what Piketty calls "patrimonial capitalism".

Piketty regards the new patrimonial capitalism as a repetition of something which has been known formerly in history at the end of the 1800s and the beginning of the 1900s. It is characterized by a high concentration of wealth in a low-growth environment like the nineteenth century (Piketty, 2014: 237). The crisis of 2008 was, according to Piketty, the first crisis of the globalized patrimonial capitalism of the twenty-first century (Piketty, 2014: 473). He expects that it will be followed by other crises. This is the scenario Piketty expects for the twenty-first century.

Patrimonial capitalism, heirs and entrepreneurs

The strong concentration of wealth has as a consequence that there can be a tendency to a transition from the entrepreneur to the heir as the basic figure of capitalism. According to Piketty, all large fortunes, whether inherited or entrepreneurial in origin, grow at extremely high rates, regardless of whether the owner of the fortune works or not (Piketty, 2014: 439ff.). Piketty gives a very illustrative example with a comparison of Bill Gates, the entrepreneur among all entrepreneurs, and Liliane Bettencourt, the heiress of the perfume company L'Oréal. Between 1990 and 2010, Bill Gates' fortune increased from \$4 billion to \$50 billion. In the same period, Liliane Bettencourt's fortune increased from \$2 billion to \$25 billion. Both fortunes thus grew at an annual rate of more than 13 percent from 1990 to

2010.

Piketty mentions also Steve Jobs, who is regarded as a more creative entrepreneur than Bill Gates. But at the top of his career, his fortune was only \$8 billion in 2011.

Piketty's conclusion is that inheritance becomes the main access to the creation of fortunes. It is not the entrepreneurial spirit. Therefore, wealth is not just a matter of merit. Capital grows according to its own dynamic when it has passed at certain seize. The reason for this is the simple fact that the return on inherited fortunes is often very high solely because of their initial size.

The Moral Hierarchy of Wealth and Inequality - It is the economic system that is the problem

It is a common discussion in liberal political theory that inequalities are acceptable if they serve the common good. This is also what has been stated in §1 of the *Declaration*: "Men are born and remain free and equal in rights. Social distinctions may be found only upon the common utility". It is on this background that it is accepted that entrepreneurs become extremely rich compared to other people.

However, Piketty claims that the entrepreneurial argument cannot justify all inequalities of wealth, no matter how extreme (Piketty, 2014: 443). As we have seen, the general class-based inequality $r > g$ combined with the better returns on capital as a function of initial wealth makes it possible for fortunes to grow and perpetuate themselves beyond all rational limits and beyond any possible rational justification in terms of common utility. In this way, it does even not take one generation to move from an entrepreneur to a rentier. Entrepreneurs can be transformed into rentiers in their own lifetime, and their wealth can be multiplied more than tenfold in twenty years as in the case of Bill Gates and Liliane Bettencourt (Piketty, 2014: 443ff.).

The consequence is that even the merit criteria in §1 of *Declaration* that social distinctions are acceptable if they serve the common utility or the common good is very difficult not to say impossible to concretize, because it is very difficult in praxis to sustain the distinction between the entrepreneur and the rentier when the first can be transformed into the second

in a very short time, as it has been exemplified by the case of Bill Gates.

So far as I understand Piketty, he draws the conclusion that the most important problem is not to clarify whether the inequality serves the common utility. The most important problem is that the accumulation of wealth among the 1%, the 0.1% and not least the 0.01% tends to represent 70%-90% of all the countable wealth in global societies. It is this enormous concentration of wealth that justifies Piketty's use of the concept of patrimonial capitalism.

Patrimonial Capitalism

The Concept of Patrimonial Capitalism

The concept of "patrimonialism" is situated in Max Weber's classification as a traditional form of governance (Weber, 1922: 679 ff.). It has its origin in the specific patriarchal form of authority in the family. Following up, it can be broadened out to concern patrimonial forms of government in which political and or economic power can be concentrated. In this form of government or authority, and power forms a political unity. According to Weber, this was the case in ancient Egypt and in the Inca Empire (Weber, 1922: 684). It is this traditional unity which is transgressed into the power and authority of economic wealth in the patrimonial form of capitalism, as it has been described above.

Problems with Patrimonial Capitalism

So far as I can see, Piketty draws the following conclusions concerning the patrimonial form of capitalism.

1. Society will fall behind the French Revolution

Piketty's perspective is overall that patrimonial capitalism will bring society behind the days of the French Revolution. Some of the modern institutions may formally be maintained but the reality may be different.

2. Suspension of basic principles of Human Rights

The second point is that the basic values of modern society are suspended as they are formulated §1 of the *Declaration*: "Men are born and remain free and equal in rights. Social distinctions may be found only upon the common utility". In patrimonial capitalism there are basic distinctions which basically are bound to inheritance and which therefore are transferred from generation to generation. This is exactly what characterizes a traditional pre-modern society. In such a society, men are not equal in rights in so far as it is wealth that is the basic structuring parameter for the life-chances of people in all matters concerning education, health, work, and political, social and other positions in society. Shortly, it could be said that human rights are suspended in such a society.

3. Suspension of democracy

The third point is that democracy will be strongly weakened or even suspended in such a society. This could be turned around in the sense that there are no possibilities to develop genuine democracy in such a society.

4. Stagnation of society

The fourth point is that patrimonial capitalism will not be able to develop a society because the entrepreneur and innovator will lose their possibilities compared to the primacy of the secure reproduction and accumulation of the inheritance.

5. Violence and corruption will dominate society

The fifth point is that such a society will be built on violence and corruption instead of legal and deliberative political institutions.

6. The rule of war between states

The sixth point is that the rule of war between states will be dominant because the interstate relations cannot be solved through diplomacy and international law.

7. Many other consequences

There will be many other consequences for the social life such as destabilization and

deformation of social relations and institutions.

Patrimonial capitalism is not only an idea for the future - Patrimonial capitalism does already exist in many societies in the World

The description of patrimonial capitalism may seem like a doomsday prophecy, a description of the last days. But in fact, the reality is that this form of capitalism does exist in different forms in many societies in the World and maybe even in the most societies with a developed economy combined with a strong authoritarian and corrupt regime. Even in the US, the self-styled historical champion of liberal democracy, we will find signs of patrimonial capitalism, as when rich people have enormous possibilities to influence elections, political life, allocation of resources and social decisions.

Piketty's Capital: A platform for a critique of capitalism and its perspectives

The interesting thing about Piketty's analysis is in the end that it is an economic analysis upon the basis of the fundamental principles of the French Revolution. Piketty's own conclusion is that the French Revolution failed and is an illusion. On this background one could have expected that Piketty should have been critical toward capitalism as an economic system. But this is not the case. Piketty is worried about the historical consequences of capitalism, but he does not criticize capitalism in itself as an economic and social system. However, this seems to be a relevant topic. Although Piketty himself has not criticized the basic principles of capitalism, he has at least created a new platform for a discussion of capitalism, because he has discovered some of the historical destructive perspectives of capitalism.

References

Atkinson, Anthony B.; Piketty, Thomas (2007), *Top Incomes over the Twentieth Century: A Contrast between Continental-European and English-Speaking Countries*, Oxford, Oxford University Press.

Atkinson, Anthony B.; Piketty, Thomas (2010), *Top Incomes: A Global Perspective*, Oxford, Oxford University Press.

Atkinson, Anthony B.; Piketty, Thomas; Saez, Emmanuel (2011), 'Top Incomes in the Long Run of History', *Journal of Economic Literature* 2011, 49: 1, 3-71.

Bourdieu, Pierre; Passeron, Jean-Claude (1964), *Les héritiers - les étudiants et la culture*, Paris, Les éditions de minuit.

Bouvier, Jean; Furet, François; Gillet, Marcel (1965), *Le mouvement du profit en France au XIXe siècle*, Paris and La Haye, Mouton & Co.

Code Napoleon (1827), Translated from the original and official edition published at Paris in 1804, London, William Benning, Law Bookseller.

Condorcet (1790): *Esquisse d'un tableau historique des progrès de l'esprit humain* (1793-1794), Paris, Librairie philosophique J. Vrin.

Declaration of Rights of Man and Citizen 1789, PDF edition at the homepage of Conseil Constitutionnel de France, <http://www.conseil-constitutionnel.fr/>

Furet, François; Ozuf, Jacques (1977), *Lire et écrire: l'alphabétisation des Français de Calvin à Jules Ferry*, Paris, Édition de Minuit.

Grewal, David Singh (2014), 'The Laws of Capitalism', *Harvard Law Review*, Vol. 128.

Global Growth: Can Productivity save the Day in an Aging World? (2015), McKinsey Global Institute, McKinsey & Company.

Moyn, Samuel (2014), 'Thomas Piketty and the Future of Legal Scholarship', *Harvard Law Review*, Vol. 128.

Piketty, Thomas (1998), *Les hauts revenus face aux modifications des taux marginaux supérieurs de l'impôt sur le revenu en France, 1970-1996*, CNRS, URA928, numero 9812.

[High-Income Taxpayers' Reaction to Marginal Income Tax Rates Changes in France, 1970-1996].

Piketty, Thomas (2001), *Les hauts revenus en France au 20e siècle: inégalités et redistribution, 1901-1998*, Paris, B. Grasset.

Piketty, Thomas (2004), *L'impact de la taille des classes et de la ségrégation sociale sur la réussite scolaire dans les écoles françaises: une estimation à partir du panel primaire 1997*, EHESS, Paris, Jourdan.

Piketty, Thomas; Valdenaire, M. (2006), *L'impact de la taille des classes sur la réussite scolaire dans les écoles, collèges et lycées français - Estimations à partir du panel primaire 1997 et du panel secondaire 1995*, Paris, Ministère de l'éducation nationale.

Piketty, Thomas (2014), *Capital in Twenty-First Century*, Cambridge Massachusetts, The Belknap Press of Harvard University Press.

Rawls, John (1971), *A Theory of Justice*, Cambridge, Massachusetts, The Belknap Press of Harvard University Press.

Weber, Max (1922), *Grundriss der Sozialökonomik - III. Abteilung - Wirtschaft und Gesellschaft*, Tübingen, J. B. C. Mohr (Paul Siebeck).