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BOOK SYMPOSIUM

Kinship

Still at the core

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Commentary on Piketty, Thomas. 2014. *Capital in the twenty-first century*. Translated by Arthur Goldhammer. Cambridge, MA: The Belknap Press of Harvard University.

Why is so little attention paid to inheritance in both empirical studies and theories of family and kinship in modern capitalist society? Ever since I encountered the fraught entanglements of love, money, and property surrounding inheritance in my dissertation research on Japanese American kinship, I have puzzled over why inheritance is so marginal to scholarship on kinship in the United States and other "advanced" capitalist societies. In light of the mass media's fascination with inheritance disputes among the rich and famous, it is surprising that social science has little to say about inheritance when compared with the attention paid to marriage, divorce, and childrearing. There are, of course, notable exceptions (e.g., Beckert 2007). Yet, revelations and reservations about "helicopter parents" and "tiger moms" draw far more attention from both scholars and the popular media than do inheritance and its social consequences.

Thomas Piketty's book *Capital in the twenty-first century* (2014) presents findings that offer illuminating insight into the scant attention paid to inheritance in dominant models of family and kinship in "modern" capitalist societies. The first insight is that this absence cannot be explained by the unimportance of inheritance. Most reviews of Piketty's book have tended to focus on his findings about the extent of wealth inequality in these societies. There are indeed striking revelations about wealth inequality in the book, including that in the United States the top decile now own 72 percent of the nation's wealth, while the bottom half own just 2 percent. Yet, more important than Piketty's findings about the extent

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of wealth inequality, I suggest, is his analysis of the “structure of inequality,” which rests on differentiating the unequal distribution of income from labor from the unequal distribution of inherited wealth. In analyzing these two ways of accumulating wealth, Piketty concludes that among the “leading developed countries” (United States, Japan, France, Germany, and Great Britain) inheritance has been a key force behind the concentration of wealth in the top ten percent of the population, which generally owns more than 60 percent and often as much as 90 percent percent of the total national wealth (2014: 336). In the United States the extraordinarily high pay that the top managers of large firms have been granting themselves since the 1980s plays a greater role than in countries such as France. Yet even here, inequality of income from capital is greater than inequality of income from labor, as it has been all countries, in all periods for which data are available (244). Inheritance, moreover, has grown increasingly important in the last three decades. In this period, savings over the course of individuals’ lives cannot explain the very high concentration of ownership of capital, which can be “explained mainly by the importance of inherited wealth and its cumulative effects” (245).

Coming from an economist who steers as far clear of a class analysis as possible in a study of wealth inequality in capitalist societies, Piketty’s analysis of the structure of inequality bears powerful implications for theories of capitalism, kinship, and class. Above all it provides overwhelming evidence of the crucial role inheritance has played and is once again increasingly playing in “advanced” industrial-capitalist societies. These findings should drive a gigantic nail in the coffin of theories positing the decline of the significance of kinship in “modern” (read *capitalist*) society. I say a gigantic nail rather than the last nail, because like so many ideological models dressed in empirical clothing, this myth of modernity appears to have zombie-like powers of regeneration.

As Susan Mckinnon and Fenella Cannell (2013: 3–4) note, for over 150 years theories of modernity have argued resolutely that kinship has lost the economic and political functions it once had in “traditional,” premodern societies and instead has become restricted to the “domestic domain” of childrearing and homemaking. From the nineteenth-century social evolutionary theories of Maine and Morgan, to Durkheim’s theory of the differentiation of domains in modern society, dominant theories of modernity have posited the formation of a secularized, rational public domain governed by economic and political institutions, in contrast to an affectively ordered domain of family. By the 1950s, Talcott Parsons took this even further by claiming that in modern society occupation depends on individual merit rather than on family membership, thus separating kinship from class and reducing the family’s function to the nurturance of children and the production of adult personalities.

Mckinnon and Cannell (2013) do not deny that significant transformations have occurred in marriage, family, and kinship since the nineteenth century. But they reject the assumption that kinship has declined in importance. Piketty’s findings about the structure of wealth inequality provide not only overwhelming evidence of the continuing importance of kinship but they also offer a valuable clue to help us understand why so little attention is paid to inheritance in theories of modernity and kinship. This clue resides in his findings about the one period in which wealth inequality actually declined in the United States and Western Europe.

Legacies of twentieth-century social theory

The lopsided distribution of income and wealth in leading capitalist nations has held relatively steady since the nineteenth century to the present, with one exception: the period between World War I and 1970. In these interwar and postwar years, wealth inequality actually declined—possibly for the first time in recorded history and certainly since the nineteenth century. Inheritance flow, which had accounted for 20–25 percent of annual income in the nineteenth century, decreased spectacularly between 1910 and 1950 (Piketty 2014: 380), and the wealth share of the upper centile fell from more than 50 percent in Europe at the beginning of the twentieth century to around 20–25 percent at the end of that century (261). It was in this period, moreover, that for the first time in the history of these countries, a group emerged that was intermediate between the wealthiest ten percent and the poorest fifty percent of the population. The emergence of what Piketty calls the "patrimonial middle class"—that 40 percent of the population in the middle of the wealth distribution who own between a quarter and a third of national wealth (337)—was the most important structural transformation of wealth in these countries in the long run. The decline in the importance of inheritance in this period, however, was followed by a steady rebound starting in the 1970s and accelerating in the 1980s and beyond (380).

What caused this spectacular decrease in the flow of inheritances and the decline in wealth inequality from World War I to the 1970s? The answer, according to Piketty, lies in a "concatenation of circumstances" including wartime destruction, progressive tax policies, and exceptional growth in the three decades after World War II in which the return on capital was lower than the rate of growth of national economies (2014: 356). I will say more below about the adequacy of Piketty's explanation of the convergence of wealth in this period, but for now suffice it say that this exceptional period of decreasing wealth inequality was also an exceptionally formative period of social science scholarship. Indeed, it would not be far-fetched to argue that the reigning model of modern capitalist society—the functionalist sociological model articulated by Talcott Parsons—was forged in this period. The emergence of a "patrimonial middle-class" in both Western Europe and the United States convinced many scholars (most of whom were members of this patrimonial middle-class) that Western capitalist society was moving decisively toward a meritocratic, occupationally-based class system in which inherited wealth played an insignificant role (Piketty 2014: 384).

This "new normal" of decreased wealth inequality, Piketty notes, shaped the view of social class among scholars of that era as well as the baby boomers who came of age in it (2014: 381). Indeed, it came to be viewed by functionalist sociologists as the natural evolutionary path of modern capitalist society. But this vision of the narrowing of wealth inequality as a natural outcome of capitalist society entailed overlooking the enormous impact of two world wars and the public policies enacted in response to the Great Depression—from rent control to nationalizations to highly progressive taxes on income and inheritances. Far from resulting from the Durkheimian, equilibrium-seeking mechanisms of modern capitalist society, this "new normal" was forged through intense political conflicts.

It is crucial to keep in mind, moreover, that even during this period of decreasing wealth inequality in the United States, the top decile's share of total wealth dropped only from 80 to 70 percent. In Europe it dropped from 90 to 60 percent (p. Piketty 2014: 349). After 1980, there was an explosion of wealth inequality in all the leading capitalist societies. In the United States, increasing inequality was largely the result of an unprecedented increase in wage inequality, in particular among an exorbitantly paid class of "supermanagers" (see Ho 2009 for an illuminating ethnography of how Wall Street investment bankers' experience and ideology produces an ethos that justifies their "super-salaries"). But this does not mean that income from capital played an insignificant role in the increasing inequality. The growing inequality of capital income since 1980 accounts for about one-third of the increase in income inequality in the United States, and as in France and Europe, income from capital becomes more important the higher one goes up the income hierarchy (Piketty 2014: 300). In addition, the two types of inequality (income from labor and income from capital) are not necessarily mutually exclusive; indeed they can complement each other. A person can be both a supermanager and a rentier earning income from capital, which may well explain why the concentration in the United States is currently higher than in Europe (265).

The ownership of capital in the United States and Europe, moreover, is becoming more concentrated once again as growth slows, increasing the likelihood of an increasing wealth gap. If, as is very likely, the next century turns out to be characterized by both low demographic and economic growth, inheritance will probably again be as important as it was in the nineteenth century. In France, for example, if current trends continue, the share of inherited wealth will surpass 70 percent by 2020 and approach 80 percent in the 2030s (Piketty 2014: 403). The historical evolution of inheritance in the United States is more difficult to assess and the future more difficult to predict because of the unreliability of US sources (itself a consequence of more lax tax policies than in France and other European countries). Indeed, the data are so unreliable that it is debatable as to whether inherited wealth accounts for 20–30 percent of total US capital or 70–80 percent. This debate aside, as Piketty points out, while the baby boomers and their adjacent cohorts grew up in a period in which premortem gifts and bequests accounted for just a few points of national income, people born after 1970 have already experienced the crucial role that these intergenerational transfers of wealth play in their lives. They recognize more than their parents that in both the short and the long run, both in the course of their lives and in the history of capitalism, kinship is still at the core of capital and class.

Mathematical confusions

The quantitative findings that Piketty has accumulated are a treasure trove crying out for research by social scientists and historians. Indeed, Piketty explicitly invites us to dive into this gold mine. Arguing that "economics should never have sought to divorce itself from the other social sciences and can advance only in conjunction with them" (2014: 32), he warns against an economic determinism that fails to recognize that "the history of the distribution of wealth has always been deeply political, and it cannot be reduced to purely economic mechanisms" (20). He even offers a refreshingly candid critique of economics as a discipline that "has yet to get over its childish passion for mathematics and for purely theoretical and often highly ideological speculation, at the expense of historical research and collaboration with other social sciences" (32).

We anthropologists should take him up on this invitation, for one because in the absence of such collaboration his study provides little insight into the social processes and institutional structures that have shaped the quantitative patterns summarized in the book. One sign of just how much he needs the critical conceptual tools of social and cultural analysis comes early in the book, when Piketty equates wealth with capital. Although he acknowledges that some might reserve the word "capital" for only those forms of wealth directly employed in the production process (2014: 47), he is unwilling to distinguish capital as a "factor of production" from wealth as inclusive of a broad range of financial and nonfinancial assets. This renders his book, in spite of its title, less a study of capital in the twenty-first century than a study of shifts in wealth inequality in search of a framework of analysis (see Bear 2014 for an incisive discussion of the need for qualitative analysis to supplement Piketty's quantitative analysis). Distinguishing capital from wealth is crucial because it alerts us that the former is a process that requires certain kinds of social relations; hence, an understanding of capital in any century requires situating quantitative findings in the history of these social relations.

Piketty's treatment of wealth as capital, moreover, reflects a more pervasive problem of the book—namely, his tendency to confuse mathematical regularities for social forces and institutional structures. For example, in attempting to explain the "hyperconcentration of wealth" in Europe during the nineteenth century and the decline in wealth inequality after the shocks of war and financial crises during 1914–45, he retreats to a conventional mode of economic analysis. In identifying "the tendency of returns on capital to exceed the rate of economic growth" as "the main driver of inequality," he reduces socio-political relations to an accounting formula.[1] In others words, he attributes the cause of shifts in wealth inequality to a recurring quantitative pattern, thus revealing considerable conceptual confusion as to what constitutes a "driver," "force," or "mechanism" (terms he uses interchangeably) of wealth inequality.

In a telling discussion of "The Question of Time Preference" (2014: 358–61), Piketty concedes that, "like many theoretical models in economics," his core finding that the "main driver of inequality" is the tendency of the rate of return on capital to be greater than the rate of economic growth is "somewhat tautological" (359). He goes on to concede that this theory is "too simplistic and systematic" and that key factors in it, such as savings behavior, "depend on a wide range of psychological and cultural factors as well as the social and institutional environment" (361). Furthermore, as his main driver applies to wealth inequality not only since the nineteenth century but also in "most of human history" including "most traditional agrarian societies" (353), we are left struggling to situate his findings

1. If the rate of growth of capital significantly exceeds the growth rate of the economy, then inherited wealth will dominate wealth amassed through labor and the concentration of capital will attain extremely high levels (Piketty 2014: 16). This is summarized by r>g, which is the "overall logic" of his conclusions.

in a disorienting amalgam of social configurations and periods of human history without a conceptual framework to guide us.

Above all, in spite of having provided irrefutable evidence to us that inheritance has been crucial to the concentration of wealth since the nineteenth century, Piketty does not delve into the intimate, affective, and gendered processes through which wealth becomes patrimony and patrimony becomes capital, thus missing an opportunity to trace how kinship and capital accumulation work in tandem to produce the structural division of class. As Laura Bear (2014) has pointed out, insights from feminist scholars (including even feminist economists) about how family structure, gender dynamics, household financial strategies, educational goals, and childcare shape wealth inequality are entirely absent from Piketty's book. Yet these are crucial to saving, investment, debt, inheritance, capital accumulation and, ultimately, wealth inequality. Without understanding these deeply cultural and social processes, we cannot hope to avoid the economic determinism that Piketty himself warns against. I suggest that we jump in and help him.

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