Wealth inequality is a problem in search of a solution. In *Capital and Ideology* the French economist Thomas Piketty deploys the tools of the social scientist to measure its magnitude, to explain why it has waxed and waned, and to venture some proposals for policymakers intent on narrowing the gap between those at the top and those at the bottom. Not all social scientists find Piketty’s laser-like focus on wealth inequality compelling (McCloskey, 2016). Yet a consensus has emerged, not only in the academy, but also in the press, that Piketty is among the most influential social scientists working today. The widespread admiration for Piketty’s scholarship is a testament only to its ambition, but also to its method. Unlike most economists, Piketty rests his analysis in an appeal to history, including, in particular, the history of economic development since the eighteenth century in Europe, Asia, and United States.

This essay considers Piketty’s characterization of U.S. economic development in the decades between 1860 and 1900, a period that historians have begun to call the “Second Great Divergence.” It is my contention that Piketty’s characterization of this period rests on outdated assumptions about the relationship between economic development and political contestation, and that Piketty’s neglect of historical writing on this topic raises questions about his policy proposals. To highlight the limitations of Piketty’s approach, it includes case studies of the telegraph industry and the telephone industry. For all of its erudition, range, and literary panache, Piketty’s *Capital and Ideology* is, at its most persuasive, an updated restatement for a twenty-first century audience of the Polanyian critique of nineteenth-century economic liberalism. This is a worthy project, yet it is less novel in its conception and more problematic in its execution than might at first appear.
and political contestation, and that Piketty’s neglect of historical writing on this topic raises questions about his policy proposals.

*Capital and Ideology* is a long book. The English language translation by Arthur Goldhammer comes in at just over 1000 pages of text interspersed with dozens of tables and figures. Yet its argument is straightforward. Piketty writes clearly, which is one reason for his popularity, and he has taken pains to make himself understood. Though Piketty ranges widely over the last three centuries of global history, his argument can be summarized in four propositions. First: wealth inequality threatens the common good; second: wealth inequality is rapidly increasing; third: the origins of wealth inequality can be found neither in technology nor economics, but rather in politics and culture; and, fourth: the best policy options for lawmakers intent on reducing wealth inequality are global information-sharing, increased education spending, and, most important of all, a global wealth tax.

For the historian, the most interesting feature of Piketty’s argument is the causal significance he assigns politics and culture: “Inequality is neither economic nor technological: it is ideological and political” (Piketty, 2019: p. 7). Dismayed by the inegalitarian legacy of the market fundamentalism that has dominated policy debate in the West since the demise of the Soviet Union, Piketty is determined to set the record straight: “what made economic development and human progress possible was the struggle for equality and education and not the sanctification of property, stability, or inequality” (Piketty, 2019: p. 3).

In *Democracy in America*, the French aristocrat Alexis de Tocqueville located the origins of social equality in thirteenth-century France and proclaimed its rise to be not only inexorable but also providential (Tocqueville, 2003 [1835; 1840]: p. 14). Piketty shares Tocqueville’s conviction about the trajectory of human history, but with a twist. For Tocqueville, social equality, if left unchecked, threatened to extinguish the flame of liberty. For Piketty, in contrast, the acceleration of wealth inequality imperils the future of humanity. Each presumes the centralized state to be a weighty historical actor and the French Revolution a momentous rupture in human history. For Tocqueville, the pre-1789 consolidation of the French state undermined the ancient régime from within. For Piketty, the French Revolution was a “great demarcation” that by 1815 had created an “ownership society.” By “sacralizing” property, the ownership society birthed the radically inegalitarian late-nineteenth-century Belle Epoque that would finally collapse during the global conflagration of 1914–1945. The flourishing of social democracy in the following 3 decades (the “Trente Glorieuses”) was a rare bright spot in an otherwise gloomy historical record (Piketty, 2019: pp. 100–102, 418, 46, 123).

*Capital and Ideology* differs from Piketty’s *Capital in the Twenty-First Century* in its emphasis on foundational cultural beliefs (Piketty, 2014). For historians, ideology is often a pejorative. For Piketty in contrast, ideology is nothing more, and nothing less, than a convenient shorthand for a society’s core values. Nowhere does Piketty imply that these values project a false consciousness. On the contrary, every ideology, “no matter how extreme it may seem in its defense of inequality,” expresses a “certain idea of social justice” (Piketty, 2019: p. 9).

Ideology for Piketty is not only an ethical norm but also a periodizing scheme. Different societies proffer distinctive “a priori plausible ideas and discourses” to justify their institutional arrangements (Piketty, 2019: p. 3). Pre-revolutionary France was a “ternary” society legitimated by a “regalian” ideology and structured around three legally defined social orders: the clergy, the aristocracy, and the people (Piketty, 2019: pp. 51–55). Following the French Revolution, France became an “ownership society” that was justified by a “proprietarian” ideology in which the citizenry had been granted formal political equality yet remained constrained by a “quasi-religious theology” of “markets, inequality, and private property” (Piketty, 2019: pp. 1–3, 36). The brief social-democratic interlude that followed the Second World War gave way in the 1970s to today’s neo-proprietarian “hypercapitalism” (Piketty, 2019: chap. 13). This most recent stage in France’s economic development is legitimated by a “meritocratic fairy tale” that justified wealth inequality as a reward for individual achievement (Piketty, 2019: p. 2). Though utter fantastical, this conceit has burnished the egos of those individuals lucky enough to have scored a winning ticket in the higher education sweepstakes. Before too long, or so Piketty hopes, this baleful stage in human history will give way to its still-to-be-named successor, which, or so Piketty confidently predicts, would coalesce around a “new universalistic egalitarian narrative” (Piketty, 2019: p. 3).
How today’s reformers will devise tomorrow’s narrative Piketty does not say. The historical record offers up little in the way of a useable past: “Nations tend to have short memories....Worse than that, memory is usually strictly nationalistic” (Piketty, 2019: p. 10). As a consequence, lawmakers have historically formed their vision of the “ideal political or property regime” and a “just legal, fiscal, or educational system” from “their own experiences and are almost completely unaware of the experiences of other countries” (Piketty, 2019: p. 11). Political contestation, Piketty avers, has generated egalitarian outcomes in the past. This claim is of considerable significance for Piketty’s argument, since it raises for consideration the question of how and why such experiences have shaped the course of events. It can also provide a rationale for reconsidering some of the sweeping generalizations that Piketty ventures about topics that are central to his argument about the widening wealth gap, including, for example, the economic development of the late-nineteenth-century United States.

Piketty’s own historical overview is heavily tilted toward structural trends and macrosocial data, with few fleshed-out examples of the egalitarian legacy of social movements, labor unions, political parties, or even business lobbies. Perhaps even more surprising, given Piketty’s emphasis on politics, is his neglect of governmental institutions that are not engaged in collecting taxes. No book can do everything. Yet by focusing so exclusively on a single dimension of economic development—that is, the egalitarian potential of taxation—Piketty misses an opportunity to provide a plausible explanation of how the world we have lost can help lay the foundation for the future.

The parochialism of the past is, for Piketty, an opportunity. By comparing institutional arrangements in different nations, social scientists can form a "more accurate picture of what a better political, economic, and social organization might look like and especially what a better global society might look like, since the global community is the one political community to which we all belong" (Piketty, 2019: p. 11). Collective learning at present is based on “relatively crude or imprecise notions of institutional arrangements that exist in other societies” (Piketty, 2019: p. 11). With transnational cooperation this problem could finally be addressed: “Progress toward justice can occur only as the result of a vast collective experiment” (Piketty, 2019: p. 971).

Piketty’s culture-laden structuralism informs his interpretation of U. S. economic development. With the destruction of slavery during the Civil War, the United States became, like France, an ownership society so committed to proprietorian values that it would eventually implode. Just as Karl Polanyi had predicted in his 1944 Great Transformation, a book to which Piketty freely acknowledges a major debt, the triumph of market relations triggered a countermovement that hastened its collapse (Piketty, 2019: pp. 417, 479; Polanyi, 1944). Like Polanyi, Piketty acknowledges the coerciveness, including in some instances even the naked violence, that enabled economic development. Yet, at least in the United States, the countermovement began earlier that Piketty contends, and its legacy extended beyond the political economy of taxation.

No one can master everything. Even so, it is somewhat disconcerting for a historian of American political economy to discover that Piketty’s characterization of its trajectory replicates the hoary characterization of the nineteenth-century United States as a laissez-faire nation with a weak state. The weak-state hypothesis has been subject for over 2 decades to a withering critique by historians, political scientists, and sociologists who, have, in its place, devised an alternative explanation for how the United States emerged by 1900 as the world’s largest industrial nation.

The dominant political bloc in Piketty’s late-nineteenth-century United States was the Democratic party. Combining free trade and limited government with a “social racialism” that marginalized outsiders, including African Americans, Democratic party leaders opened the way, just as Polanyi had predicted, for the burst of egalitarian (though racially exclusionary) legislation that would culminate with the New Deal, the American variant of European social democracy (Piketty, 2019: pp. 241–246).

U. S. economic development, in Piketty’s view, was a fait accompli, rather than a problem to be explained. Its "heart" was to be found neither in the textile mills and machine shops of New England, nor in the railroad and the telegraph, nor even, as political scientist Richard Bensel contended in The Political Economy of American Industrialization over 2 decades ago, in an intersectional political contest over the terms of trade that pitted the East against the South and West (Bensel, 2000; Piketty, 2019: p. 232). On the contrary, Piketty follows Sven Beckert and locates the origins of American economic development in the cotton plantations of the South (Beckert, 2015; Piketty, 2019:...
Economic institutions that did not easily fit into this plotline—the railroad and telegraph, the stockyard, the steel mill, the oil refinery, the automobile factory, the research and development laboratory—as well as political institutions that might have complicated this narrative—the tariff, the courts, the gold standard, city councils, state legislatures—are rarely discussed. With the exception of the East India Company, a “militarized form of highway robbery,” we encounter few corporations, and even fewer bankers, investors, and financiers (Piketty, 2019: p. 377). Whatever opposition might have existed to the rise of big business—in an age in which labor violence could be horrific and vigorous debates swirled around tariff rates, market regulation, monetary policy, and even the legitimacy of wage labor—it was speedily vanquished by the monster abstraction of modernization. If, as many big-business critics contend today, the regulation or break-up of tech giants such as Amazon and Facebook should be a political priority, Piketty has offered up little in the way of a useable past. Indeed, so fixated is Piketty on structural trends in property ownership that he ignores the evolution of the U.S. public debate on the origins of wealth inequality, and perhaps more unexpectedly, given the importance Piketty assigns to political contestation, he misunderstands the shifting coalitions that shaped the rules of the game. Laws and conventions concerning property ownership can help explain how wealth flowed from region to region in the late nineteenth-century United States, but not how this wealth was created (Bensel, 2000).

Piketty’s neglect of political contestation poses a special challenge for specialists in late-nineteenth-century U. S. economic history, since it is by no means self-evident how, in the period between 1860 and 1900, a fledgling commercial republic perched on the margins of Europe became the world’s largest industrial nation. No consensus has emerged as to what this transformation should be called. Was it a “second industrial revolution” (Robert J. Gordon), a “managerial revolution” (Alfred D. Chandler, Jr.), the “American genesis” (Thomas P. Hughes), the “rebirth” of the nation (T. J. Jackson Lears), the “great enrichment” (Deirdre Nansen McCloskey), or, simply, a “massive spasm of accumulation” (Gabriel Winant)? No historian of the period doubts that something consequential happened. For this reason, this transformation would seem to be worth more than a passing mention in a historical analysis of wealth inequality (Chandler, 1977; Gordon, 2016; Hughes, 1989; Lears, 2009; McCloskey, 2016; Winant, 2020). It generated, after all, a great deal of wealth.

The consequences of this transformation were apparent not only in the United States, but also in Europe. To underscore the disruptive impact on Europe of U. S. industrialization, Sven Beckert labeled it the “Second Great Divergence”—an ingenious turn of phrase that simultaneously located U. S. economic development in a global frame while inviting a comparison to the eighteenth-century “Great Divergence” that witnessed the relative economic rise of Western Europe relative to China (Beckert, 2017). By minimizing the disruptiveness of U. S. industrialization, Piketty inadvertently echoed a major finding of the long-influential mid-twentieth-century cohort of social commentators who viewed U. S. economic development through a binary Cold War lens that minimized differences between the United States and Western Europe in order to amplify the contrast between the Free World and the Soviet Union.

Piketty’s inattention to the historically contingent character of the Second Great Divergence—and, in particular, to the political-economic preconditions for late-nineteenth-century industrialization that Bensel detailed with such authority in his Political Economy of American Industrialization—suits him apart from two different yet complementary academic subfields: American Political Development (APD) and the history of capitalism. While specialists in these fields pursue different agendas, they share the presumption that late-nineteenth century U. S. industrialization was puzzling and unexpected. The United States boasted abundant land and a rich array of natural resources, a factor endowment that, in Argentina, Russia, and many other countries, offered investors lucrative alternatives to industrialization. How, then, did the United States beat the odds? (Link & Maggor, 2020).

To explain how the United States industrialized, Bensel floated in 2000 a provocative hypothesis. If political democracy and economic development rarely coexisted, why was the United States an exception? To answer this question, Bensel cast the spotlight on the policy agenda of the post-Civil War Republican party, a political bloc that Piketty ignores. To remain in office, Bensel explains, the Republicans built an interregional coalition that simultaneously embraced high tariffs, the nationwide market, and the gold standard (Bensel, 2000). Wealth inequality, Bensel documents, was not only intra-regional—as, for example, one might plausibly contend it had been in the more
regionally homogeneous countries of Europe—but also inter-regional: the East was much wealthier than the South and somewhat wealthier than the West. To build and maintain a political coalition that favored creditors over debtors while empowering jurists to create a nationwide market by overriding a welter of individual-state-level laws, Republican lawmakers slapped high tariffs on foreign imports. In so doing, they consolidated an East-West political coalition headquartered in the East that made enough concessions to voters in the West eager for tariff protection to enable it to prevail politically over the South, then the stronghold of the Democratic party. It was, in short, not the Democratic party, as Piketty mistakenly contends, but the Republican party, that called the shots. By championing a monetary policy that kept the country on the gold standard, the Republicans favored creditors over debtors, ensuring that credit would continue to flow more-or-less freely from Europe to the United States, while facilitating the interregional transfer of wealth inside the United States from the South, and a certain extent the West, to the East.

If economic development had political origins, then political contestation is not merely a response to industrialization, but also its cause. The nineteenth-century anti-monopoly movement is a case in point. Until recently, historians rarely grouped together as a broadly coherent movement the National Grange, the Knights of Labor, the Farmers’ Alliance, and the Populist Party. Important books by Charles Postel on reform movements and by Richard White on post-Civil War public life have modified this convention (Postel, 2007; White, 2017). Where historians had once split, they now lumped. Anti-monopoly, White declared in 2017 in articulating this emerging consensus, was the “most significant political movement of the Gilded Age” (Postel, 2019; White, 2017: p. 898).³

For White and Postel, anti-monopoly originated in the post-Civil War West. Just as the horrors of slavery had emboldened pre-Civil War abolitionists—White declared, in an apt summary of this position—so the spread of wage labor would become for anti-monopolists the “seismic shock” that goaded them to action (White, 2020: p. 316). In fact, however, as specialists in land reform and railroad policy have long emphasized, the political origins of anti-monopoly lay in the pre-Civil War East—decades before the late-nineteenth-century “great divergence” (Benson, 1955; Destler, 1944; Lause, 2005). Among the legacies of pre-war anti-monopoly, as Ariel Ron has recently underscored, were the Homestead Act and the Morrill Land Grant College Act, two egalitarian landmarks in American social policy (Ron, 2000). For Piketty in contrast, anti-monopoly played no role in his discussion of U. S. wealth inequality in either the pre-Civil War or the post-Civil War period—or, for that matter, in any other country at any point in time. In fact, in a 1065-page book on the origins of wealth inequality in the modern world, there is no index entry for “monopoly” (Piketty, 2019: p. 1080).

No late-nineteenth-century anti-monopolist was more influential than the political economist Henry George. While George gets a cameo in Piketty’s sprawling narrative, Piketty downplays the challenge that George’s Progress and Poverty posed to a generation of Americans troubled not only by wealth inequality, but also by the social indignity of wage labor and the economic waste of resource misallocation (George, 1879; Piketty, 2019: p. 563).

Even so, the similarities between Piketty and George are suggestive (Cook, 2015, 2020). Like George, Piketty is broadly optimistic about the future, if only lawmakers would make a single, all-important policy tweak to set matters straight. And like George, Piketty’s protagonist is not the capitalist, but the rentier. For George, the most fundamental social divide pitted not the capitalist against the worker, pace Karl Marx, but the capitalist and the worker against the landlord. By charging rent on land at market rates, landlords immiserated both. To eliminate poverty, lawmakers needed only to transfer from the landlord to the state the “unearned increment” that the landlord collected (England, 2018). For an analogous reason, the gargantuan salaries of today’s CEOs are for Piketty less troubling than the windfall gains on their stock options. Like so many economic panaceas, Piketty’s global tax on capital is, like George’s “single tax” on land, and despite its considerable intuitive appeal, at its core a utopian exercise in magical thinking (Cook, 2020: p. 14).⁴

That Piketty neglected anti-monopoly is unsurprising. Piketty’s canvas is so broad that he necessarily had to be highly selective. Even so, its omission is revealing. As a social scientist, Piketty is preoccupied with structural trends and macroeconomic data. In history, however, events matter. And for all its merits, Capital and Ideology fails to explain not only how economic development could coexist with the robust, if in some ways tragically limited, political democracy that existed in the late-nineteenth-century United States, but also how this political economy gave way to the
New Deal. In Piketty’s explanatory scheme, the global conflagration of 1914–1945 has pride of place. In the United States, however, the private ownership of the corporation had been politically contested since at least the 1880s, while the ideology of the ownership society would become the subject of a withering critique from mainstream social scientists long before the New Deal.¹⁰

Further questions are raised by Piketty’s fixation on the national government. The late-nineteenth-century U. S. national government did shape the rules of the game, as Bensel documented decades ago. Yet it operated in conjunction with a constellation of subnational institutions that included state legislatures, state courts, and city councils (John, 2010; Link, 2020; Link & Maggor, 2020; Maggor, 2017a, 2017b). In many instances, these institutions operated at cross purposes, creating an uneven, highly variegated, and bewilderingly complex regulatory landscape that could be maddeningly corrupt and strangely perverse. Yet, somehow, it worked. To an extent that mid-twentieth-century historians often overlook, political contestation played a generative role in economic development. So pervasive was the structuring presence of the state that it has led some commentators to propose that Western Europe is a less appropriate frame for late-nineteenth-century U. S. economic history than late-twentieth century East Asia (Bensel, 2009). For the United States in the late nineteenth century—as for China, Japan, or South Korea today—reform was less the byproduct of industrialization than its catalyst. State actors, as the historians of capitalism Stefan Link and Noam Maggor have written, echoing two decades of scholarship on the political economy of late-nineteenth-century U. S. industrialization, were not merely reactive “reformers” who arrived late on the scene to reorder what was “otherwise assumed” to be “autonomous ‘economic’ change, driven by private interests.” On the contrary, they participated directly in “shaping and re-shaping the economic order, rather than merely remedying its worst tendencies after the fact” (Link & Maggor, 2020: p. 295).

The governmental institutions that Link and Maggor emphasized were state-level legislative bodies on the commercial periphery. What about the industrial core? Here, too, and nowhere more self-evidently than in the high-tech communications sector, political contestation shaped not only the distribution of wealth, but also its creation. Two case studies, each drawn from my own research, can help to make this point.

The first electrically mediated communications network was the electric telegraph. Like so many nineteenth-century projects, this network emerged in an anti-monopoly regulatory regime that glorified equal rights and demonized special privilege.

Telegraph giant Western Union built its business strategy around the New York Telegraph Act of 1848, a landmark state-level law that had been enacted to counteract the privileges that telegraph inventor Samuel F. B. Morse derived from the extraordinarily expansive intellectual property rights that he been granted by the U. S. patent office. Troubled by Western Union’s market power, Congress tried in 1866 to rein it in by enacting the National Telegraph Act, the first national anti-monopoly law.¹¹ By granting corporations that signed onto its provisions preferential access to railroad rights-of-way, the act incentivized insurgent network providers to enter the market, just as its sponsor, Ohio Senator John Sherman had intended (John, 2010).¹² Among the new entrants was Jay Gould, who, to the consternation of journalists, reformers, business rivals, and more than a few financiers, used the law’s anti-monopoly provisions to manipulate Western Union stock prices so effectively that, in 1881, Western Union leaders sued for peace. The “open access” order so effusively praised by economic historians as a laissez-faire utopia in which general incorporation laws enjoy a quasi-mystical aura had gone terribly wrong.¹³ Perversely, the anti-monopoly National Telegraph Act had spawned a monopoly. To make matters worse, the telegraph network served not the many, but the few. Wealth had been generated, but it was restricted to the nineteenth-century equivalent of today’s 1%.

The influence of political contestation on high-tech extended beyond Western Union’s business strategy. For in the years immediately prior to Gould’s hostile takeover of Western Union, Gould had inadvertently birthed an entrepreneurial hothouse in which a galaxy of inventors—including Thomas Edison and Alexander Graham Bell—would hasten the commercialization of a quartet of blockbuster inventions: broadband telegraphy, the telephone, sound recording, and the electric power station (John, 2010: pp. 158–160). Here, too, political contestation mattered, though not in a way that even the most astute forecaster could have foreseen. Anti-monopoly spawned not only a
narrowly focused, anti-egalitarian business strategy, an outcome that fit well with Piketty’s disparaging characterization of proprietarian capitalism, but also some of the most epochal innovations of the age.

Political contestation figured even more directly in the early history of the telephone. Every late-nineteenth-century telephone operating company held a municipal franchise, which subjected it not only to elaborate municipal regulations, but also to extortion, and, at times, user boycotts, which journalists labeled “strikes.” The dominant network provider at this time was Bell, a holding company for an archipelago of operating companies. Outraged by high rates and poor service, telephone users boycotted Bell operating companies repeatedly in the 1880s, an uncomfortable fact for the twentieth-century public relations specialists that Bell had recruited to sanitize its history.14

User discontent with high rates and poor service was but one of several challenges that operating company managers confronted. No less threatening was their susceptibility to periodic shakedowns by rapacious bribe-seeking city officials, popularly known in Chicago as the “gray wolves,” a moniker coined by the journalist Lincoln Steffens. Every time Bell managers petitioned the city for permission to undertake a service upgrade—by, say, extending their network into a new neighborhood—they could expect to be hit up by city officials for a hefty bribe. To break the cycle, operating company managers built out the network, a risky strategy, since they had no guarantee that the financial return on their new investment in plant and equipment, which was considerable, would cover its cost. The build-out, however, had the ancillary benefit, as was in large part its intention, of countering the cupidity of city aldermen by currying the political support of a much wider segment of the city’s voters—who now, for the first time, had a personal stake in cheap and reliable telephone service. In so doing, the operating company re-engineered as a mass service for the entire population a network that had been originally designed as a niche service for an elite clientele. Rapacious alderman are unlikely progressives, yet, at least in Chicago, they deserve credit for helping convince telephone managers to re-imagine local telephone service, making the telephone, and not the telegraph, the first electrically mediated communications medium to have been envisioned as not a privilege but a right. Interestingly, no comparable popularization occurred at this time in Canada, where municipal regulation had been proscribed (John, 2010; MacDougall, 2013).

These two case studies raise questions about Piketty’s characterization of the late-nineteenth-century U. S. political economy. The telephone would by 1900 be configured as a mass service; the electric telegraph, though far older, would not. This outcome was a product neither of market incentives nor technical advance, but of political contestation. The anti-monopoly regulatory regime in which the telegraph was commercialized favored the few; the progressive regulatory regime in which the telephone was commercialized transformed a revolutionary new medium from a specialty service for an elite clientele into a mass service for the entire population. And in hastening telephone popularization, the most important governmental institution was not the Democratic party, but city councils, state legislatures, and the patent office.

It has become a commonplace for journalists and historians to credit Piketty with underscoring similarities between the late-nineteenth-century “Gilded Age” and the so-called “Second Gilded Age” of the recent past (Sanders, 2020: p. 293; White, 2020). While superficially plausible, this analogy has become a tired cliché that conceals more than it reveals. The leading sector in the late-nineteenth-century United States was not finance, as it arguably is today, but industry, while many nineteenth-century U. S. industrialists—and not only well-known business moguls like Andrew Carnegie and John D. Rockefeller—regarded themselves as public stewards rather than libertarian buccaneers.15 Distinctions matter: Piketty’s conflation of past and present has the effect, however unintentional, of legitimating today’s mega-rich by minimizing the myriad ways in which they differ from their late-nineteenth-century forebears. Unfortunately, Piketty wrote little about the technological, economic, and managerial innovations that hastened the Second Great Divergence—innovations that would seem to be central to any creditable history of wealth inequality—while downplaying the influence on economic development of political contestation that predated the twentieth-century world wars. In so doing, he has inadvertently reinscribed onto the historical record the dubious teleology of Cold War modernization theory.

Piketty’s presentism raises analogous questions about the longstanding textbook convention of labeling the late-nineteenth-century United States the “Gilded Age.”16 From a global perspective, the phrase reeks of parochialism,
not least because, as one historian has observed, it perpetuates an antiquarian obsession with "old fables, cartoons, and personalities" (John, 2009; Livingston, 2016; Maggor, 2020: p. 282). It is one thing to disparage proprietor-centric capitalists and lament the "sacralization" of property, yet quite another to explain the wealth of nations. The late nineteenth-century American "gilders" were by no means the only business elite in the past three centuries to accumulate outsized fortunes, flaunt poor taste, throw lavish parties, and spark public outrage (John, 2009). But they were one of the relatively few business elites to suffer a crushing political defeat. Long before the New Deal, lawmakers had banned unfair business practices, instituted a federal income tax, and restructured corporate law to hasten the rise of the managerial corporation, decisively shifting power and influence in the nation's largest economic institutions from the owners of capital to their managers. By painting with such a broad brush, Piketty has mischaracterized the developmental coalition that created the political preconditions for the transformation of the United States into the world's largest industrial nation.

Piketty is a timely provocateur. Most historically-minded economists are narrowly focused on economic growth. To his credit, Piketty has turned the attention of his guild to wealth inequality. Yet breadth is not depth. No history of wealth inequality can plausibly omit, as Piketty does, the Second Great Divergence that would catapult the United States in the four decades between 1860 and 1900 to global preeminence as the world's largest industrial nation. Economic growth and wealth inequality are joined at the hip, and never more so than in the present, an age in which the effects of climate change are likely to vary not only by region, but also by class.

If by some miracle lawmakers were to enact a global wealth tax—Piketty's magic bullet—this would not eliminate the need for other, more targeted reforms—such as, for example, the regulatory initiatives championed by today's anti-monopoly activists.

Ideology may well be, as Piketty contends, ineluctably nation-bound. If so, then, Capital and Ideology is perhaps best characterized as a Franco-centric history of economic development that takes its inspiration from European Union technocrats and their would-be global successors. For all of its erudition, range, and literary panache, it is, at its most persuasive, an updated restatement for a twenty-first century audience of the Polanyian critique of nineteenth-century economic liberalism. This is a worthy project, yet it is less novel in its conception and more problematic in its execution than might at first appear. It is one thing to contend that governmental institutions and civic ideals have long been leading actors on the historical stage. It is another to show how they have shaped the course of events. Here is an agenda that can bring together historians and social scientists committed to reenvisioning the history of capitalism for a global age.

**CONFLICT OF INTEREST**
The author declares no conflict of interest.

**ENDNOTE**

1 For assistance in the preparation of this essay, I am grateful to Eli Cook, Nancy R. John, Noam Maggor, Alex Mann, Michael Stamm and my co-panelists on the Business History Conference roundtable at which an earlier version of this essay was presented in March 2020.

2 For a longer time frame, and an even more mordant prognosis, see Scheidel (2017). On the present-day social-scientific debate, see Alacevich and Soci (2018).


4 Piketty based his characterization of American industrialization on Beckert's Empire of Cotton, which foregrounded the centrality of the cotton trade.


6 For a related analysis of U. S. industrialization that traced its origins to the high-volume export of natural resources, which it explained as the byproduct of a mutually advantageous collaboration between lawmakers and promoters, see Wright (1990).
This question, of course, assumes that the late-nineteenth-century United States can in fact be regarded as a political democracy—despite the exclusion from the polls not only of women, but also of many African-American men.

The “First Gilded Age,” White elaborated, spawned an anti-monopoly “reform movement” whose reach had been “underestimated” by historians who focused on its “separate components.” (White, 2020: p. 319).

By lauding his wealth tax for preserving “economic openness,” Piketty reveals a disinclination to challenge either corporate capitalism or the unregulated market (Piketty, 2019: p. 14).

On the critique of proprietarian capitalism, see Sklar (1988), Rodgers (1998), McGerr (2003), and Flanagan (2020). For a contemporary indictment of the “little profiteer,” see Lippmann (1914). On the eclipse of private ownership, see Berle and Means (1932). For a deft sketch of Berle’s worldview that challenges his “fetishistic” preoccupation with the corporation, see Lemann (2019: p. 40).

This law is sometimes anachronistically termed the “Post Roads Act of 1866,” a name that would not be used until the late nineteenth century.

It is a minor historical irony that Sherman’s name has come to be linked with the 1890 antitrust act, since the law’s final version departed markedly from his intentions. Sherman’s role in the authorship of the National Telegraph Act, in contrast, is well documented in his personal papers at the Library of Congress.

On the “open access” order, see North et al. (2009).

On the outsized role of Bell in jumpstarting U. S. corporate public relations, see Marchand (1998).

For more on the misleading conflation of industrialization with financialization, see O’Sullivan, (2016).

The “Gilded Age” moniker has become controversial not only because of the inappositeness of facile analogies between late-nineteenth-century industrialization and late-twentieth-century financialization, but also because of its Mencken-esque disparagement of an entire period of U. S. history. No other commonly used periodizing device is so unabashedly pejorative. Skeptics include Edwards (2009), John (2009), Bensel (2009) and Winant (2020). For a quantitative critique of the common assumption that income inequality was, in fact, increasing in the late nineteenth century—an assumption widely held by the many historians and journalists who refer to the 1877–1900 period as the first “Gilded Age”—see Cook (2020).

One target of this critique has been fin de siècle U. S. investigative journalism. Muckraking posed no fundamental challenge to the economic order, Link and Maggor observed, since it merely refined the “ideological distinction between legitimate and benign capitalist behavior and its illicit counterparts” (Link & Maggor, 2020: p. 287).

The recent publication of Eugene McCarraher’s Enchantments of Mammon can provide a counterpoint to Piketty’s magnum opum. Like Piketty, McCarraher deplores the “sacralization” of property. Unlike Piketty, McCarraher explores with great sensitivity not only the capitalistic “reenchantment” of modernity, but also its “misenchantment” (McCarraher, 2019).

REFERENCES


AUTHOR BIOGRAPHY

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