VISIONS OF INEQUALITY

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From the French Revolution to the End of the Cold War

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Prologue

The objective of this book is to trace the evolution of thinking about economic inequality over the past two centuries, based on the works of some influential economists whose writings can be interpreted to deal, directly or indirectly, with income distribution and income inequality. They are François Quesnay, Adam Smith, David Ricardo, Karl Marx, Vilfredo Pareto, Simon Kuznets, and a group of economists from the second half of the twentieth century (the latter collectively influential even as they individually lack the iconic status of the prior six). It is a book about the history of thought in one important area that was formerly prominent, was then eclipsed, and has recently come back to the forefront of economic thinking.

In writing this book I have taken a certain approach that is not the usual one. Because knowing how I approached the task matters to understanding what follows, some paragraphs should be spent at the outset on the characteristics that make it distinctive. They are: its tight focus on income distribution; its attempt to present ideas from each thinker's own perspective; its chronological ordering of the concepts considered; its indifference to the various thinkers' normative views regarding inequality; and its use of a certain standard (of my own devising) to identify, out of the sea of inequality studies that have been conducted, the ones that are truly important. Let's consider these in turn.

Tight focus on income distribution. Each chapter here focuses on a thinker whose (often voluminous) writings cover many topics, but the objective here is to extract only their views on income distribution and to consider what concrete answers they provide to the essential questions of inequality. These are questions like: How are wages determined? Is there a conflict between profit and rent? As a given society develops, how will income distribution evolve? Will profits or wages tend to go up or down?

Naturally, this means that other subjects addressed by these thinkers are not discussed at all. Each of the authors produced a daunting body of work; one could easily be drawn in and spend an entire career engaging with it and the commentaries it has generated. If we simply look at their output, it is prodigious (with the exception of Ricardo, whose opus was relatively limited, if one does not include his letters, and who died young). Marx's work, as attested to by the continuing saga of the MEGA (*Marx-Engels Gesamtausgabe*) project, runs to about 120 planned volumes, scaled down from the earlier 164.[1] Pareto's collected works, in their many variants, are almost as huge, and even Adam Smith's ideas fill many volumes—despite the fact that his unpublished papers and correspondence were burned, on his orders, at his death—in part due to the publication of notes taken by his students (published as *Lectures on Jurisprudence*). Quesnay's case is also interesting in that his writing relationship with Mirabeau resembles the relationship between Marx and Engels: it is not easy to delineate where one author's contribution ends and the other's begins. Quesnay's own and jointly written works, especially if we include anonymous texts published by his "school," probably exceed two thousand pages. And Kuznets wrote for more than fifty years, over which time his contributions were extremely varied, ranging from the definition of national accounts to growth and income distribution, to demographics, and to economic development.

If a historian of thought were to engage with the writings of an Adam Smith, Marx, or Pareto—spanning political science, philosophy, sociology, epistemology, economics, anthropology, and even psychology—that historian would aim to deal with them in their totality, discussing all or most of these topics as a generalist. A historian of economic thought might focus on economic themes (as, for example, Schumpeter did), or more narrowly on economic themes as seen from the neoclassical angle, as Mark Blaug did by leaving out Pareto's sociological volumes or Marx's philosophy.[2] But I ignore all parts of an author's work—however important—that can be logically separated from what it has to offer on income distribution.

It is, for example, not relevant to Marx's writings about income distribution, the evolution of wages, and the tendency of the profit rate to fall that he also had a labor theory of value. The same views on these topics could be held by others with different theories of value (as indeed they were). Marx's labor theory of value is clearly important to understanding his concepts of surplus value, exploitation, and alienation. It influenced his many followers' views regarding the fairness of income distribution under capitalism. But, as I will explain below, I do not deal here with normative views of income inequality. His theory of value can be treated entirely distinctly (that is, left out) from the discussion of forces that, according to Marx, affect income distribution between classes.

There are thus many interesting economic topics that remain outside this book's purview. Pareto's extension of Walras's work (with some modifications) along the lines of general equilibrium, for example, has no discernible relationship to his theory of income distribution. (I do, however, link that theory with what it can be related to: his sociological view of the circulation of elites.) Likewise, the famous Pareto optimum is logically separable from his theory of income distribution. While it is indeed a statement regarding redistribution, and it is often adduced in discussions of redistribution via taxes and subsidies, it is an essentially normative statement (appearing, or masquerading, under the guise of positivism).

In short, the authors whose ideas fill this book might not have thought (actually, we know they did not think) that the study of the distribution of income among classes or individuals was the most important part of their work. Nor did they see income distribution the way we see it today. But all are included for the same reason: as well as having great overall influence on economics, they contributed to the understanding of income distribution.

Presentation from each author's own perspective. To present the ideas in these chapters, I adopt each thinker's own point of view (with one major exception, noted just below), and I engage in critical analysis only to the extent that such analysis is helpful to clarify their theories. I try to refrain from criticizing flaws and omissions that have only become evident with hindsight. My focus is on whether an approach is coherent in the context of the author's other views and not on, say, whether Quesnay forecast how the Revolution would change income distribution in France, or whether his work explains the level of US income inequality today. Such starkly absurd examples are useful to show how unreasonable it is to judge work from the perspective of the present: Quesnay never expected the Revolution to happen, much less the distribution of land to peasants, so to dismiss his views on income distribution in light of what happened thirty years after he wrote would be facile, unfair, and meaningless. Even more so would be to dismiss Quesnay's view of income distribution because it failed to anticipate the rising share of the top one percent of the US population in the twenty-first century.

My objective is almost to "be" the thinker in question, to see the world as much as possible from his perspective, and not to criticize him for problems or omissions in his writings (unless these omissions are logical errors or omissions *within* his own system) or to subject his predictions to detailed scrutiny. For sure, at times I do both, and I increasingly do so with thinkers closer to the present, as with Pareto and Kuznets. But I do it only when it is necessary to provide a sharper view of income distribution than perhaps an author did, or to highlight some contradiction in their thinking, or to offer possible multiple interpretations. One way to think about this book is to imagine that each of the authors reviewed here was asked to respond to the same question: What does your work reveal about income distribution as it exists in your own time, and how and why it might change?

The exception to this general approach of adopting the author's viewpoint is the critical stance take in Chapter 7, which reviews the state of inequality studies in socialist and capitalist countries between the mid-1960s and the early 1990s. The fact that Chapter 7 combines multiple authors reflects a judgment that no other individual of that time, as a student of inequality, approaches the stature of the earlier writers. Whereas other chapters present individual contributions, the objective in Chapter 7 is different: it is to explain why studies of income distribution went into retreat during the Cold War era. The tone is, compared to the rest of the book, more opinionated, and more critical of the type of economics that held sway, in both the East and the West, in the decades leading to the end of communism.

In short, this is a book on the history of economic thought in one area (income distribution) as it was approached by the thinkers themselves—as far as possible. While I occasionally read authors critically, and do so especially in Chapter 7, my main approach could simply be called "adhering closely to the sources," and I try to take their writings at face value.

Chronological ordering. The evolution of thinking about inequality considered here reflects authors' perceptions about the main cleavages influencing inequality in their times and locations. Considering these authors chronologically highlights the fact that the underlying conditions affecting inequality, and the thinking about it, were changing across two centuries.

The chronological approach, starting before the French Revolution and extending to the end of communism, has the further advantage of revealing to us that *inequality*, at different times and different places, meant very different things. The cleavages perceived to be most important between people, classes, genders, or ethnic groups were not always the same. One should be wary, however, of mistaking a chronological approach for a teleological view, implying a gradual advance toward ultimate truth. Generations before us have tried to reify the prejudices of their day into some eternal truth, and we should not repeat that error. On the contrary, taking a chronological approach should suggest to us that no concept of inequality exists outside its place and time. What we today regard as key factors causing inequality will surely be seen differently in the future.

The structures of the first six, author-focused chapters are similar: each opens with a section that focuses on some interesting aspects of the person's life or work (some of them perhaps not so well known, or reinterpreted here). These are not capsule biographies, which can be much more easily found on Wikipedia, but highlights of some relevant personal characteristics. A schematic timeline of authors' lives is shown in Table I.1.

Next comes a section presenting what is known today about inequality in countries where the author lived and which he studied, with the benefit of modern data. The objective is to situate their views on income distribution within the context of their times. In some ways, thanks to empirical studies conducted largely in the past two decades, that context is much better known to us than it was to them. This is true for all except Kuznets, who worked on US income distribution

Table I.1 Timeline of Authors Studied

	Born	Published main works		Died
François Quesnay (80)	1694	1763		1774 (Two years before American independence)
Adam Smith (67)	1723	1776 (American independence)		1790 (Just after the French Revolution)
David Ricardo (51)	1772	1817 (Just after the Napoleonic wars)		1823
Karl Marx (65)	1818 (Just after the Napoleonic wars)	1848 (Revolutions in Europe)	1867 (Meiji Restoration)	1883 (Just before the division of Africa conference)
Vilfredo Pareto (75)	1848 (Revolutions in Europe)	1896		1923 (Mussolini in power)
Simon Kuznets (84)	1901	1955 (Cold War)		1985 (Gorbachev in power)

directly. But although our knowledge of income inequality in, say, England in the nineteenth century is better than Ricardo's and Marx's, they must have been aware of the main trends—their work testifies to that. Even if Quesnay did not know empirically the level of inequality in prerevolutionary France, and could not calculate its Gini coefficient (a measure invented some 150 years later), he was quite conscious of the main types of French inequality and of the country's social structure—and even tried to describe it in numbers.

While writing this book, I unexpectedly encountered a similar structure in Leszek Kolakowski's *Main Currents of Marxism*.[3] This discovery, which turned out to influence my writing on various levels, was simply due to my reading (or in this case, rereading) different authors writing about Marx. Kolakowski's book is excellent in many respects, but what attracted me, structurally, was that Kolakowski was able to present the evolution of Marxist thought through discussion of individual contributions in an interconnected way. The chain that takes us from the early socialist writers preceding Marx all the way to Marcuse and Mao is almost uninterrupted. Yet *Main Currents* is not organized around its various thinkers in the way that, for example, Robert Heilbroner's *The Worldly Philosophers* is.[4] In Kolakowski, there is an organic unity between the authors' contributions and evolving ideology. Of course, Kolakowski benefited from the fact that his book was a study of a single ideology, which made it easier to connect different authors and their views. When we study economists' approach to income distribution and inequality, the difficulties are much greater because the authors do not necessarily belong to the same school of thought. I do try, though, to bring out influences and inheritances of ideas as much as it is reasonable to do: it is indeed the aim of the book to chart the intellectual history of thinking about inequality and not simply to present a roundup of different economists' ideas.

Indifference to normative views regarding inequality. The authors studied here had varying philosophical and ethical opinions regarding income distribution and whether certain sources of income and levels of income inequality were justified—but this book is indifferent to such views. This is a consciously instrumental approach which, while it always adopts the author's point of view, ignores all normative or quasi-normative statements on income distribution and focuses on the actual distributions the authors highlight, what they see as determining the actual incomes of individuals and classes, and how they think the distribution is likely to change as society advances. I do note ways in which ideology appears to have influenced a thinker's conclusions—for example, arguing that Quesnay's physiocracy and view of agriculture as the only source of economic surplus made him more inclined to justify incomes of nobility, and that, by contrast, Ricardo's framing of rent as monopoly income served a desire to defend capitalists against landlords. And I do present political implications of the authors' views. But I do not engage in normative debate. I also largely ignore what might be called tacit or unexamined normative judgments about matters such as who counted for the purpose of analysis. Most of these authors focused on inequality among males, or families, in their own nations and did not concern themselves with others. Not all were explicitly concerned with the status of women or disadvantaged groups, though some were.

This book's indifference to normative views also helps to explain my selection of authors to profile. If I were concerned with normative theories or, somewhat less ambitiously, normative views of income distribution, then philosophers such as Plato, Aristotle, Confucius, and Rousseau—and in modern times, Rawls, Hayek, and Sen—would be given their place. But since none of them described how income distribution across individuals and classes was actually shaped, much less how that shape would evolve, they are not included in the book. This can be perhaps best illustrated by Rawls. His contribution in *A Theory of Justice* has been highly influential on modern thinking about income redistribution. He advocates, for example, both taxation of inheritances and increased public spending on education on the grounds that they level the generational playing field for people who do not start out with familial advantages.[5] Still, he expresses no view about what income distribution in contemporary capitalism looks like, or how it might change. The same is true for Sen, who has written a lot about income distribution (both regarding methodology and underlying theory) but nothing about the actual forces that shape it.[6] One would search in vain in Rawls or Sen trying to discover either's view on, for example, whether skilled workers save enough to become capitalists, or what sources of income enrich the top one percent.

Finally, given the instrumental approach I am taking to these authors' thinking on inequality, a special comment about Marx is in order. To read Marx without regard for his normative positions might sound impossible, but it should be noted that Marx was generally uninterested in questions of inequality in the way that we pose them now. His view, shared by most Marxists, was that unless the background institutions of capitalism—namely, private ownership of means of production and hired labor—were swept away, any political struggles to reduce inequality could at best lead to reformism, trade unionism, and what Lenin later called "opportunism." Inequality was thus a derivative, secondary issue, barely addressed in Marx's writings. Descriptions of poverty and inequality fill the pages of *Capital,* especially its first volume. But they are there to show the reality of the capitalist society and the need to end the system of wage-labor. They are not there to advocate reductions of inequality and poverty within the existing system. Marx was not a meliorist. Trade-unionist struggle for reduced inequality could at best be justified, as Shlomo Avineri writes, as a means to bring about among workers the feelings of solidarity and conviviality. It is, in other words, just a useful practice for a new society that would emerge after antagonistic social classes had been abolished.[7]

Marx also rejected the idea that his critique of capitalism was based on moral grounds, and wrote rather dismissively of many who criticized capitalism from that point of view. Exploitation (appropriation of the surplus value by the capitalists) was to him a technical and not a normative concept. It reflected the nature of the system: a worker is not paid less than the value of his or her labor power, so there is no unfair exchange but there is exploitation. Consequently, the normative aspect, even if present indirectly in Marx's discussion of the condition of the working class (especially in the first volume of *Capital* and some other political and didactic writings), does not influence his theory. An instrumental approach to Marx's view on inequality, and disregard of the normative, is thus not only possible but fully consistent with Marx's own thinking.

Some traces of normative thinking on distribution appear in Marx's discussion of incomes under socialism and communism, but these comments are very few and tentative. As Marx himself said, he did not want to deal with the "recipes for the cook-shops of the future."[8] And, obviously, they do not refer to capitalism, with which I am concerned in the chapter on Marx (Chapter 4). I do include these comments in my Chapter 7 discussion of income distribution studies under socialism. Even there, however, I follow the instrumental approach, looking at the real forces that influenced both distribution under socialism and the thinking about that distribution, and not at the kinds of normative statements that party ideologues have always liked to pluck from Marx and Engels.

A standard of what constitutes important work. In the selection of these authors, and assessment of their work, did I also use some definable criteria for judging what ways of studying income distribution are better than others? Yes, I did. And it is important to be very explicit about this—especially because it will clarify my critique of Cold War era inequality studies in Chapter 7.

In my opinion, the best income distribution studies combine three elements: narrative, theory, and empirics. Only when all three are in place do we get the valuable result I call an *integrative study* of income distribution.

An inequality *narrative* is an author's account of how an income distribution takes shape through the interaction of particular forces. It is important to give coherence to the theory and to explain to the reader what empirical evidence is being privileged by the author. The eighteenth- and nineteenth-century authors in this book, for example, fashioned their narratives around the class structure of society, while Kuznets's story of inequality centered on the effects of modernization (urbanization, with the development of manufacturing). Other narratives describe struggles between organized labor and employers over shares of net product, or monopolists "swallowing up" smaller producers, or wars and epidemics affecting income distribution.

There is no reason other than convenience to name this element first. The other two elements are not subordinate to it. One's narrative can be the product of, or influenced by, empirics just as it can be informed by one's apprehension of larger historical processes or whatever else. But a narrative must exist if we plan to convince others of our view of the world, and not to succumb to the shallowest empiricism where equations are run simply based on the availability of data.

Theory is what gives the narrative a stronger logical scaffolding. If we want to tell a persuasive story of class struggle, for example, we need to develop theories of relative power structures and conflicts over income shares between the classes. A theory about the key forces shaping income distribution can be expressed mathematically or verbally. It can be an economic, political, sociological, or other flavor of theory. But without a theoretical part, the narrative alone is too vague. And finally, to bring the data that can give rise to, support, undermine, or revise the claims of narrative and theory requires *empirics*. This is an absolutely indispensable part. Data equip the writer trying to convince the reader, but also allow the reader to check if the evidence being used to advance a theory is faulty. All three elements matter equally, and if any is lacking, an approach to income distribution can only be called incomplete.

Possible omissions. There are arguably two notable omissions from the book's coverage of the history of inequality studies. The first is its omission of pre-Quesnay writers, and in particular the mercantilists. This, however, is not an important omission given the focus of the book. It was Quesnay, after all, who was the founder of political economy and the first to introduce social classes explicitly in his analysis and to define the economic surplus. Both concepts would play enormous roles in the later development of political economy and economics. Mercantilists were concerned with inequality between countries, of course, as caused by unequal gains from trade. Studying their views on within-county inequality, to the extent that they had them, may be an interesting niche topic. But it is not, in my opinion, more than that.

The second omission is more serious, but is a partial one: the absence of the Latin American structuralists and the *dependencia* school. As Chapter 7 will note, the Cold War economics practiced in capitalist and socialist countries roughly from the 1960s to the early 1990s was largely barren ground for serious research on income distribution. The exception was the work of the structuralists, most of them from Latin America, and those associated with the neo-Marxist dependency school. The fact that Latin America produced the most interesting work on income distribution during this period was not an accident. Because of its political position that was neither pro-Soviet nor uncritically pro-American, and because Latin American societies are glaringly class-based, the topic of inequality was approached differently in the region, and much more creatively than in Europe (whether western or eastern) or the United States. I do acknowledge in Chapter 7 the contribution of the dependency school and specifically Samir Amin, whose work I have followed for several decades. But, unfortunately, my knowledge of work by Raúl Prebisch, Celso Furtado, Octavio Rodriguez, and others is not sufficient for me to confidently discuss them. A more knowledgeable commentator would have devoted more space in Chapter 7, if not an additional chapter, to discussing these (and possibly other Latin American) authors and their contributions.

Competing Visions of Inequality

It might also be useful to the reader to have, at the outset of the book, a brief sketch of how the authors' visions of inequality differ and overlap. The first four—Quesnay, Smith, Ricardo, and Marx—see inequality as essentially a class phenomenon. The rest see things differently. In the case of Pareto, the key cleavage is between the elite and the rest of the population. In Kuznets's view, inequality is caused by the differences in incomes between rural and urban areas, or between agriculture and industry. For the authors of the last three decades of the twentieth century, inequality is a marginal phenomenon.

But even among the first four authors, views of class-based inequality differ. For Quesnay, classes are legally defined. This is most obvious in his use of owners, a class that includes clergy, aristocracy, and state administrators and that, by law, receives the surplus. Quesnay's classification reflects the actual state of affairs before the Revolution, when the French population was made up of legally separate "estates." The same legal separation continued to exist until almost the end of the nineteenth century in societies that were based on serfdom, cast, or forced labor (like tsarist Russia, India, and the countries of Central Europe) and in societies that maintained slavery (such as the United States, Brazil, and the Caribbean colonies). In such societies, it made quite a lot of sense to think of class differences not only as economically based but as differences in legal positions, which were then translated into material and income differences.

With Smith, and especially with Ricardo and Marx, class-based differences become entirely grounded in the ownership of different types of "assets": land, capital, and labor. There were no longer formal legal distinctions between classes and individuals, but in the economic sphere, the assets one possessed mattered greatly. Inequality was seen through the lens of what is today called functional inequality—that is, inequality in incomes derived from different factors of production. This is why the discussion of inequality in Smith's, Ricardo's, and Marx's writings boils down to varying shares of land rent, profits from capital, and wages from labor. It is tacitly assumed that people receive all or most of their income from only one factor of production, and that classes are "ranked." This means that practically all workers are assumed to be poorer than all capitalists, and all capitalists to be poorer than all landlords. This is, for sure, a very simplified description of our authors' more abstract or theoretical work. When they, and this is especially true of Marx, study concrete historical instances of income inequality, the classification becomes much more detailed and nuanced (as indeed will be shown in Chapter 4).

With Pareto we enter a different world: classes disappear and individuals, or elite versus the rest, take over. Why did this happen? Although, in purely empirical or measurable terms, inequality in the societies with which Pareto was familiar (Italy and France at the turn of the twentieth century) was close to the level of inequality in Great Britain at the peak of industrial capitalism, class distinctions in Italy and France were probably less salient, and social mobility was greater. Italy and France also had less wealth inequality.[9] Another reason for the occultation of class analysis can be found in Pareto's sociological theory—in his belief that the most important distinction in society was between the elite and the rest of the population. In a capitalist society, the elite can indeed be composed of owners of capital. But this is merely a specific illustration of a general elite-based principle. In a socialist society, the elite would be composed of government bureaucrats. In other words, the basis on which the elite is built may vary, but the elite versus the population split remains. Elites just take different sociological forms in different societies.

Simon Kuznets worked and lived in the United States of the 1950s and the 1960s, in an entirely different environment from the other authors considered here. Inequality in the country had by then substantially decreased from its early twentieth-century peak, the United States was by far the richest nation of the world, and its class cleavage was seen (in part because class differences were objectively lower than elsewhere, and partly due to the Horatio Alger myth) as largely irrelevant. Changes in income distribution were thought to be caused by shifts in the relative incomes of urban versus rural areas and of agricultural versus manufacturing activities. This was a new view of inequality, very closely related to the theory of modernization that was popular at the same rime.

In the period after Kuznets—an era when studies of income distribution declined in importance, in both socialist and capitalist countries—there was no organizing principle, be it class- or group- or elite-based, spurring on new work. There were "objective" reasons for this: inequality of income was on the decline both in socialist economies, which had experienced revolutions and expropriations of private capital, and in capitalist economies, which had created the welfare state. The eclipse of inequality studies was, however, largely politically motivated. But it also came about because of the very changed environment of the 1970s to the 1990s, in which the economists featured in Chapter 7 lived and worked.

Finally, the recent revival of inequality studies that I discuss in the Epilogue has come with the discovery and documentation of a trend that had been advancing under the radar during the neoliberal ascendence: very high inequality levels had been reached, which had been effectively concealed by an environment of easy borrowing by the middle and lower-middle classes. When this easy borrowing ebbed, debts had to be repaid, and the underlying low growth of middle-class income and high inequality were revealed. This helped studies of income distribution make a strong comeback.

But that comeback occurs under very different conditions, and today's attention is being paid to cleavages that (while hardly new) have been largely ignored for the past two centuries. These are racial and gender cleavages. To be fair to the nineteenth-century authors whose work is reviewed here, none would have disputed the relevance of race and gender to income disparities in their times, but neither were these issues integral to their work. Racial exploitation is mentioned by both Smith and Marx. Smith, thoroughly critical of the institution of slavery, thought its elimination impossible because the slaveholders with political power would never vote in favor of losing their property.[10] Marx was an active supporter of the North, and particularly of Lincoln, during the American Civil War. He saw the war as a way in which history, through the use of violence when needed, replaces a less efficient social formation (like a slaveholding society) with a more progressive (such as a capitalist) one.[11] And although Marx, toward the end of his life, paid much more attention to extra-European affairs, including colonialism, serfdom, and slavery, those considerations have remained peripheral in the dominant (and not unreasonable) interpretation of Marx as a Western thinker.[12] Gender inequalities were even less integrated in income distribution work until rather recently. The implicit reasons for ignoring them were, first, that inequality was a matter of differences in family incomes, and second, that women either partook of income and wealth of family, or were "invisible." Today, both gender and racial differences are given a much greater role in inequality studies than in the past.

There is also much greater interest today in studying intergenerational transmissions of income and wealth and how they exacerbate inequality. This is due in part to greater availability of data, and in part to a growing recognition of the advantages that are routinely conveyed across families and generations—and how they undermine a modern society formally dedicated to the idea that birthright privileges should be eliminated or at least minimized.

Tracing Threads of Influence

There are various connections among the authors included in this book. The book opens with François Quesnay, the founder of the physiocratic doctrine and also the founder of political economy. Adam Smith met Quesnay during his two-year trip to France in 1764–1766. We do not know how often they met, how much they conversed, and what influence Smith might have had on Quesnay, but we do know that Quesnay's influence on Smith was perceptible, even if Smith tended to downplay it (as discussed in Chapter 2). It seems unlikely that Smith exerted much influence on Quesnay given the difference in their age and social status. Quesnay was on his home ground, sixty-one years of age, and at the peak of his political influence in France, while Smith, almost thirty years his junior, was just a visitor in a foreign country, not known for his own work but accepted thanks to David Hume's recommendations. They met on Quesnay's turf: in Parisian salons, where Quesnay was idolized by his cultish followers and Smith was included most likely only to listen. It is not clear how Smith, whose French was halting, could have contributed much, with so many around him speaking at once in an idiom he only imperfectly understood.[13] As difficult as this is to envisage—so high is Smith's reputation today—Smith might not have spoken in the salons at all.

Ricardo began writing about political economy while reading Smith and making notes on *The Wealth of Nations*. Throughout his life he remained influenced by Smith; it could be even said that he wrote *The Principles* with the idea to correct Smith where the latter was wrong. In turn, Marx's notes from and on Ricardo's *Principles* are similarly copious. In his *Theories of Surplus Value,* which is the fourth volume of *Capital,* ten out of twenty-two chapters, or more than seven hundred pages, are dedicated to Ricardo and the Ricardian socialists. In fact, Ricardo's presence is felt throughout *Capital.* It is not an overstatement to say that no economist influenced the development of Marx's thought more than David Ricardo.

Then there was Pareto, whose first book on political economy, *Les systèmes socialistes,* was written to criticize social democrats of the time and to disagree with some of Marx's basic ideas.[14] Pareto, however, was not as anti-Marxist as he is sometimes portrayed. He was, at times, very laudatory of Marx, and agreed with Marx that class struggle was a major, and perhaps even the main, driver of economic and political history. But he disagreed with Marx on many other points, including Marx's labor theory of value and Marx's belief that under socialism society would be classless.

A clear thread, then, can be traced through the first five authors I treat, starting with Quesnay in the middle of the eighteenth century and ending with Pareto in the early twentieth. The sixth author marks a break in the lineage. Perhaps too much time—time that included two world wars—elapsed between Pareto and Simon Kuznets. Kuznets's work was strongly empirical, and he did not have much (or almost anything) in common with Ricardo or Marx. Nor did he and Pareto share much beyond their concerns with interpersonal rather than class inequality and reliance on empirical methods. Kuznets's theory of income distribution was an intuitive and inductive theory that owed little to his predecessors in political economy. The theory of modernization and structural change that

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