productive wealth, distributed over most of the population.

Starting in 1913, there was a major shift. Because of World War I, the Great Depression, and World War II, a significant portion of reinvestment wealth was destroyed. Productive wealth became greater, more G than R. Between 1913 and 1980, most of modern economic theory was developed, whether liberal or conservative. It was primarily based on productive wealth, on GDP—on G, not R.

Then in 1980, something changed—during the Reagan era in America. Reagan greatly cut taxes on the wealthy, started a major attack on unions and thereby on the wages of ordinary workers, cut regulations on business, and so on. Margaret Thatcher did the same in England. And those economic ideas spread. Around 1980, there was a historic shift. R became greater than G again. Reinvestment wealth took over the reins of the modern economies. Being exponential, reinvestment wealth grew exponentially—like compound interest.

In the United States, in 1976 the top 1 percent had 19.9 percent of the wealth. In 2010, the top 1 percent had 35.4 percent of the wealth. In 2010, the top 5 percent had 63 percent of the wealth; and the top 20 percent had 88.9 percent of the wealth. That left the bottom 80 percent with 11.1 percent of the wealth.

That is what the exponential growth of reinvestment wealth leads to. And it gets worse as one goes down the wealth scale, so that six individual members of the Walton family together have more net worth than 41 percent of the families in America (counting families with negative net worth, who are families too).

As the share of the nation’s wealth going to the wealthy rises, the share going to everyone else falls. What else falls? The freedom that wealth can buy, the quality of life that wealth can buy, the power that wealth can buy, and the electoral influence that wealth can buy. Technically, we may still have one person, one vote. But the effect of one person on elections has gone way down.

Is this trend reversible? Piketty says yes, but it takes political change.