ANDREW ELROD

You Might Call It Wealth

Heather Boushey, J. Bradford DeLong, and Marshall Steinbaum, eds. *After Piketty: The Agenda for Economics and Inequality.* Harvard University Press, 2017.

WHAT ASPECTS OF THE ECONOMY ARE UNDER our control? According to John Maynard Keynes, if interest rates are low enough to keep investment flowing and consumer spending high enough to maintain sales, everybody can be put to work. Businessmen will never lose their confidence, and their property will never be idle. The economy, in other words, could be manipulated to yield desired outcomes: manageable growth, full employment, and the boom and bust of a business cycle smoothed out of existence.

During World War II and the three decades that followed—the so-called golden age of capitalism—American and British economics departments reworked Keynes's observations into a formula for endless expansion. Under the right conditions, they argued, society could create as much wealth and income as it wanted. Fiddle with taxes correctly and you'll ensure the right amount of private savings and investment. Growth could be "balanced," each group's share stable into the future. It was like calculating the propulsion for rocket trajectory: adjustment by economic telemetry would guarantee optimal flight. These were the tenets of growth economics, a field of academic inquiry fused with policy proposals that would come to define midcentury liberalism.

More than half a century later, Thomas Piketty's 2013 *Capital in the Twenty-First Century* is the discipline's most lauded, yet apostate, progeny. As the editors of *After Piketty: The Agenda for Economics and Inequality* write, Piketty has continued the tradition of growth economics—but in a backward way. Unlike his predecessors, Piketty doesn't aim to provide policy tools for managing the expansion of the economy. Instead, his data and equations explain why worsening inequality is inevitable and normal. No matter what tools you use, Piketty suggests, growth may never deliver equality. Wealth always accumulates at a greater rate than that of economic growth, an argument he made famous with the formula $r>g$ (in which r is the rate of return on capital and g is the rate of economic growth generally). Absent a world war or unplanned cataclysm, market economies *as a rule* bestow increasing largesse on a minuscule portion of the population while leaving most people comparatively poor. We can't control the distribution of growth, Piketty says; we can only "counter the effects of this implacable logic" by making the post-tax distribution of wealth and income more equal.

Although Piketty's ideas come out of the confident tradition of postwar growth economics, his provocations suggest as many disagreements as certainties over the predictive authority of social science. The modern subdiscipline was born when professional economists entering graduate school in the 1940s wove together three intellectual traditions: the vogue for Keynes; data-driven analysis of business cycles, which had flourished in the 1920s; and an older, more speculative practice of considering long-run tendencies in modern civilization. This combination gave growth theorists a theory of history and a kind of economic geology: each business cycle deposits a layer of capital—buildings, machines, infrastructure, knowledge—and whatever is not swept away in an economic downturn becomes an economy's "growth path." This sediment

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is generated from existing deposits—you need capital to make capital—but explanations for where and how it accumulates, in whose interest, and subject to what direction have varied according to whom you ask. Like many historians, economists have traditionally read data through the cultural lens of the moment. In the 1950s, they foresaw a sturdy future of bountiful equality. In the '70s and '80s, they saw a turbulence at once unpredictable and self-correcting. Today—after decades of slowed growth, the severing of real wages from productivity, and the serialization of acute financial crises—many foresee a prolonged, irremediable endurance trial.

After Piketty, edited by a trio of Democratic Party economists from the Clinton Treasury Department and the greater policy establishment of union-backed think tanks and research philanthropies, convenes a number of social scientists to debate Piketty's work and the assumptions of growth theory. Meaningfully, the book appears at a moment when the very idea of "controlled growth"—the ability to control the rate of private investment to meet national income targets and avoid economic crises—is in question. Are we doomed to live in a cycle of apocalyptic economic scenarios beyond our control? Some of *After Piketty*'s contributors suggest that Piketty's pessimism is misguided and revert to postwar ideals. Others affirm the pessimism without providing a plan for overcoming it. A third group, frustrated by the discursive trap of econometric thinking, abandons growth theory altogether and turns instead to the history of institutions—the law, the administrative state, the presidency—to understand the economy. Today the American "agenda for economics and inequality" remains trapped within the framework of tax incentives to channel private savings and investment. These

frustrated anti-economists break through that framework, seeing the economy as a creature of history. For the second time in forty years, influential liberal economists have begun to speak the language of class struggle. Implicit in it is the possibility of a long-foreclosed approach to managing growth, productivity, and inequality: democratic central planning.

DURING WORLD WAR II, the nation's workforce and wealth were subject to coercive but democratic government control. GIVE 'EM BOTH BARRELS, reads a 1941 poster from the Office of War Information: the first barrel is a machine gun, the second a pneumatic riveter. The excitement that met Keynes's *General Theory of Employment, Interest and Money* after the war was due in part to his suggestion that wartime economic goals could be pursued without wartime coercion. American Keynesians wanted to preserve private ownership of the means of production while pursuing public imperatives such as full employment and maximum output. If employment depended on business's profitability, and if business made investments according to the spending power of consumers, then possible shortfalls in employment could be met with increased government spending (as opposed to Soviet- or Fascist-style programs of forced labor, or the parliamentary socialist method of legislating government ownership). Government stimulus would put more money in the hands of consumers, which would encourage consumption, and in turn drive demand and create jobs. Lowering interest rates would also allow entrepreneurs to borrow money on easier terms to produce more machines. Capital would accumulate to a level of abundance at which it could be consumed or invested for purposes other than survival or further moneymaking, thereby raising the standard of living and transforming the nature of work.

Keynes gestured toward a role for central government planning in investment decisions, writing that "the duty of ordering the current volume of investment cannot safely be left in private hands." But his American students, reared in a cold war context that made central planning anathema outside the defense sector, shrank from this part of Keynes's vision. Growth economists like Robert Solow, one of Keynes's American interpreters, believed that since technological change led to increased productivity, government spending on research and education was a sure if indirect tool for managing growth. "Economic science ought to set certain ground rules of philosophical and ideological discussion of economic institutions," he explained in 1970, with implications in marked contrast to Keynes. His "science" displaced government control of investment decisions and the pre-tax distribution of income from the liberal policy agenda, as it directed most policy focus toward research, development, and education.

This approach wasn't uncontroversial among Keynesians. In the 1960s, the question of how to influence the rate of growth prompted one of the most storied debates in economics, the Cambridge capital controversy. The affair involved both left-wing Keynesians at Cambridge University and neoclassical cold warriors in Cambridge, Massachusetts. The former, led by Joan Robinson and her colleague Michał Kalecki, were among the principal supporters of central investment planning, which could prevent the investment process from siphoning off income for the preservation of private wealth. The modern banking system, they saw, had a tendency to operate as a sort of dual politburo-casino. Both contemporaries

of Keynes, Robinson and Kalecki supported Fidel Castro and Kim Il-Sung and praised the superiority of state-directed development in third-world nations over the US's method of influencing investment decisions indirectly through the tax code—forms of control that would presumably remain chaste, if not liberal.

Their principal opponents in the United States were Solow and Robert Samuelson, who prided themselves in mentoring President Kennedy. Samuelson described Joan Robinson's polemics against American growth economics, with its fixation on class, as a "power theory" that was "unrealistic and naive." Both he and Solow defined themselves in opposition to Marxism. Ensconced in power themselves, Samuelson and Solow developed theories for existing American institutions, which notably lacked any permanent planning agency capable of targeting investments or influencing corporate management decisions (save the Pentagon and the New Deal–ized Department of Agriculture, which sets annual prices and quotas for our various farm commodities). The primary challenge of hands-off tinkering, American-style, was how to guide diffuse private investment decisions in a way that would ensure the updating of industrial plants, generate jobs, and sustain growth.

Solow and Samuelson imagined (unrealistically and naively) that private managers would respond to higher wages and lower taxes by upgrading machinery to raise productivity. The Kennedy tax cut of 1964—the MIT-sponsored "trial" of postwar Keynesianism in Washington that Solow helped plan—did achieve full employment for the first and last time since the Korean War, as well as an annual growth rate of 4.6 percent.* But the situation did not last. Solow and Samuelson did not anticipate the new investment opportunities that emerged simultaneously in Europe and the third world. Business managers, flush with cash and facing a still-organized working class, closed factories in the US and opened new operations abroad.

Solow's 1964 world didn't account for asset bubbles. At the time of the Kennedy tax cut there hadn't been a financial crisis in the United States for thirty-five years. Capital was always valued accurately by markets, it was assumed, and necessarily represented a real income stream from planned future production. But by the 1980s, after the Federal Reserve and Congress intervened to refinance insolvent industrial and banking corporations—raising interest rates to attract investment, reducing reserve requirements to expand bank credit, and arranging private refinancing deals for the Penn Central Transportation Company, Lockheed, and New York City, among others—it was clear that our system was incapable of allocating capital efficiently, or even pricing it accurately.

As Solow remarked when he received the Nobel Prize in economics in 1987, "One of the achievements of growth theory was to relate equilibrium growth to asset pricing under tranquil conditions." In other words, private investment and distribution goals could be made objects of indirect planning if capital markets sent meaningful signals about social priorities. But "the hard part of disequilibrium growth is that we do not have—and it may be impossible to have—a really good theory of asset valuation under turbulent conditions." High securities prices might signal that a corporation or municipality was satisfying public wants through

*The Kennedy tax cut had been proposed in 1963, but was passed by Congress and signed by Johnson after Kennedy's assassination.

its provision of sales or services—or that it had been thrown on the betting table or the chopping block. Profits and profitability in the capital market, it turned out, no longer told us anything about what kind of products and services the public wanted to consume and how. Maybe they never had.

PIKETTY'S EMPIRICAL MEASUREMENTS of the historical distribution of income in *Capital in the Twenty-First Century* were shocking, but his conclusion that inequality intensifies with time falls squarely within the earlier growth-economics tradition. Piketty demonstrates that the rate of return to the aggregate capital stock—the dollar increment by which the total value of all property increases each year—has hovered around 4 to 5 percent over the past two hundred years. Meanwhile, there is simply a greater capital stock (i.e., more wealth) than ever before. The observations pose a problem for classical economic theory, which holds that the more wealth there is, the less scarce and cheaper it becomes, and therefore the harder it is to ensure a steady rate of return. So how has the rate of return held steady even as the total amount of capital has increased? Piketty believes that technological innovations—fertilizer, hand tools, machinery, "robots"—have enabled a larger stock of capital to continue to be productive. And according to the methods of Solow-style macroeconomics, this is the only explanation that exists.

But what if capital in the abstract has not been "more productive"? According to neoclassical theory, this would mean the fifty-year trend toward rising capital income in the historical data is merely an aberration. In his contribution to *After Piketty*, Devesh Raval, a former economist for Amazon who is now on staff at the Federal Trade Commission, tries to pin down the effect of technology on capital, both in the abstract and in the long run. Capital does in fact exhibit falling "real" returns, he argues, and he demonstrates his point by removing capital gains from the measurement. In the history of economic thought, "the long run" has been a bludgeon to wield in a policy fight, and here Raval uses it to argue against a global capital tax, the most radical solution to global inequality Piketty proposes. A global tax would ultimately reduce labor income, Raval says, since a wealth tax would discourage investment and employment. Besides, if the inequality that has racked the past two generations will end as capital income falls, as Raval argues it will, we may as well go along to get along.

Raval goes to such lengths because the stakes are high, for economics and for policy. Piketty's empirical observation of steady returns to the abstract total capital stock poses an existential problem for the discipline, as it contradicts one of its most ubiquitously taught maxims: that price varies inversely with quantity. It is the trout in Thoreau's milk, evidence that the savings-returns story of the distribution of economic growth—which posits that social wealth grows when people invest their private savings for profit—might not be as predictable as we expected. Why does capital income remain so high when capital itself should be cheaper? Why does the production of wealth distribute more evenly in some moments in history than in others? Returns to capital in the aggregate, it turns out, have had little relationship to real investment, employment levels, or the distribution of income within a given society. As Emmanuel Saez, an original partner in Piketty's research enterprise, explains in his contribution to *After Piketty*, "There is no compelling evidence that the countries that lowered their top marginal tax rates and experienced large increases in income concentration had a better growth experience since the 1960s."

The implications may seem radical in the aftermath of the Reagan, Bush, and Trump tax cuts, justified as incentivizing "job creation" among the beneficiaries, but they shouldn't. When economists aggregate all the various types of capital into a single quantity—corporate paper, equipment, patents, real estate, et cetera—they make it impossible to know whether the right tax incentives will channel this abstraction into labor income, productivity, or growth. Most often, liberated capital flows into asset bidding, more debt, corporate stock buybacks, dividends, and idle cash to be hoarded. You might call it wealth, but you'd need the right education to believe it.

Historically, the tendency in American economics has been to conflate investment talk with trading talk, which opens the door to the argument that cutting tax rates for large savers will increase the funds available for starting businesses and creating jobs, rather than for taking bets and protecting status. Since high rates of return should mean available *investment* opportunities, the confusion leads people to oppose any limits on profits. This makes it difficult to determine what type of social activity our financial institutions are sustaining—increasing the income of ordinary workers or safeguarding hoarded wealth. The devastating effects of this confusion are now self-evident, and they cast a shadow over the Clinton and Obama Administrations.

PIKETTY'S AMERICAN READERS are suspended between two poles of intellectual development in economics. One is midcentury social-scientific technocracy, descended from Solow and Samuelson, which is prevalent in the think tank that produced *After Piketty*, the Washington Center for Equitable Growth. Two of the book's editors, Marshall Steinbaum and Heather Boushey, were employed by Equitable Growth during the book's gestation; the third, J. Bradford DeLong, a former Clinton White House official and professor of economics at the University of California, Berkeley, is a frequent collaborator. (I received a research grant from Equitable Growth in 2016.) The outfit has found itself in the difficult position of trying to restore that technocratic optimism in a moment of profound intellectual disarray. At one of the organization's research conferences in September 2016, for example, a former editor of the *Journal of Political Economy* could be heard denouncing "the incompetence of the Fed to create negative interest rates," following the neoclassical theory that money could be mobilized productively (rather than put into cash hoarding or useless speculation) if only the Board of Governors of the Federal Reserve had the guts to establish a de facto fee to punish people for holding dollars. The keynote address that night was given by Karen Dynan, the chief economist in Jack Lew's Treasury during the Obama Administration. When a reporter asked whether the White House would continue its regulatory campaign against for-profit universities, she equivocated by saying, "I did not mean to disparage the sector." The administration was not against all for-profit education, only the bad apples, she explained. In fact, she continued, many for-profit schools were offering American workers the much needed service of improving their skills—an outcome that fits snugly within the "human capital" line of thinking strengthened by Solow's productivity studies.

The other pole—the one that descends from Robinson and Kalecki—holds that political power has some say in determining the value of capital. The promise of *After Piketty* lies with the number of contributors who appear to have abandoned the search for explanations of modern inequality

in growth economics. In an essay on the intellectual history of sovereignty in 17th- and 18th-century Europe, Yale Law professor David Singh Grewal asks how our theory of history changes when we see capital as a "social relation" rather than "simply a stock of assets, whose equilibrium rental price may be established through conventional supply and demand considerations." Grewal argues that the ability of the state to "limit—or buttress—the prerogatives of capital" is rooted in the legal distinction between a government constitution and a government administration. In this analysis, it is the law, rather than productivity, that determines the distribution of income. Conflicts that emerge between a new administration and constitutional law—as with the campaigns to abolish slavery, to institute the graduated income tax, or to establish a federal minimum wage or universal health insurance at the state level—"are only to be overcome, if at all, in extraordinary moments of popular constitutional lawmaking." Such extraordinary moments in the United States would include the Civil War amendments to the Constitution, FDR's attempt at court packing, and Barack Obama's uncertain defeat by the Supreme Court when it struck down mandatory Medicaid expansion in *NFIB v. Sebelius*. "Higher-order constitutional protections for property and contract ratified initially by the popular sovereign [are] rendered difficult to change," Grewal writes. It is the American Constitution, in this interpretation, that produces inequality and forecloses policies that could correct it.

In his chapter, Suresh Naidu, a faculty member at Columbia's School of International and Public Affairs, distinguishes between two ways of reading *Capital in the Twenty-First Century* and of thinking about economic change. The first, "domesticated Piketty," is what we usually think of as econometrics: the testing of marginal-productivity theories of income distribution by applying them to historical statistics. But the other way of seeing the economy is, like Grewal's, a political-economy view (Naidu calls it "wild Piketty"), which understands that prices arise from policy decisions that grow out of social and political conflict. As Naidu writes, financial markets and labor relations are both arenas in which state power plays the determining role; both are shaped by the contingencies of government interference or lack thereof. When values collapse and debts go unpaid, or when a strike threatens the health and safety of the community, it falls to the courts and the police to decide which groups will come out ahead. If we follow this line of thinking, property values represent more than expectations about social desires; they represent confidence that ownership will continue to carry influence and power. Property rights are best understood as "the ability to call on the government to secure the promised flow of income."

A third contributor to this political-economy view is editor Marshall Steinbaum, who strays far from his economics training and borrows his framework from the historian Eric Foner. The reversal of the 19th-century trend of worsening inequality, he writes, was a result of left-wing movements "discrediting" free-market ideology and the "traditional elite" it served. The "egalitarian era of the mid-twentieth century" did not come about because the destruction of two world wars enabled growth to outpace returns to capital, Steinbaum writes. It arose from new ideas that allowed capital owners to share income more widely than in the past. In a survey of the socialist, social-democratic, and "new liberal" political movements that emerged across the US and Western Europe during the Gilded Age, he shows how campaigns for redistributive

taxation and social subsidies, high-level private bargaining between capital and labor, and the expansion of the public sector persisted from 1890 to 1940. Yet it was only after the wars and the Depression that the political leaders who opposed such reforms were finally repudiated.

As Steinbaum writes with startling frankness, income and wealth "tend to diverge because the ideological commitments of capitalism prohibit policies that would check divergence." If there is a formula here, it is about power and ideas, not a purely economic understanding of $r>g$. The state produces inequality by ensuring a constant rate of return to capital, even when growth is slowing.

THE LAST TIME A CADRE of egalitarian policy intellectuals challenged the idées fixes of technocratic government, the problem was stagflation rather than inequality. In 1960, Samuelson and Solow had argued there would always be a policy trade-off between inflation and unemployment for Americans. They pointed to the Phillips curve—a graph of the historical relationship between wages and unemployment in a given country; as jobs filled, Phillips found, wages and prices rose. Given the relationship, one could expect a price level that corresponded to any employment target. The formula gave an approximation of the policy menu available to the federal government.

But the shape of the curve changed rapidly through the 1970s, thanks to the war stimulus of Vietnam, the opening of foreign investment markets, the dramatic lowering of tariffs through the 1960s, and the growth of multinational corporations. Inflation persisted, even though there was high unemployment. Because the nature of the tradeoff was influenced by institutions, it was beyond the scope of American Keynesian analysis. Journalists took Samuelson and Solow's myopic insights to argue that fiscal deficits were combining with generous welfare benefits to disincentivize work and slow productivity, while raising wages and prices. It was the threat of "excess demand" that pushed Jimmy Carter to abandon full employment and spearhead his anti-inflation campaign with calls for a balanced budget, and it was the "excess demand" idea that necessitated breaking the powerful unions created by the New Deal, whose purchasing power had grown too great (to say nothing of other kinds of power), and whose high wages, it was now argued, prevented corporations from investing in new equipment.

Jeff Faux, one the founders of the left-wing Economic Policy Institute (EPI) and its first president, was a leading opponent of this idea in the late 1970s. Faux had been a midlevel bureaucrat in the Johnson Administration. After the Democratic Party's internal convulsions and failed election bid in 1968, Faux settled in Cambridge, Massachusetts, with a community of underemployed social scientists and would-be policymakers, many of whom had hoped for positions in or near a Robert Kennedy or Humphrey Administration. Faux gravitated to the Cambridge Institute, a shoestring think tank then styling itself as a Boston version of the Washington DC–based Institute for Policy Studies, where he began to collaborate with Gar Alperovitz, a former Senate staffer and economics PhD. Alperovitz had worked on Title V of the Public Works and Economic Development Act of 1965, which created a short-lived series of regional commissions that aspired to be descendants of the Tennessee Valley Authority, and had made his academic name arguing that the atomic bombs had been detonated over two Japanese cities to secure foreign investment markets for the American empire. (Alperovitz

had a Marxist training: he was a student of William Appleman Williams and had studied with Paul Baran at Stanford and Joan Robinson at Cambridge.)

Out of government, this crowd of New Leftists and would-be New Dealers were eager for something to do. So they instigated a short-lived but tremendously productive magazine, *Working Papers for a New Society*. In the 1970s, Faux and Alperovitz also founded a think tank, the National Center for Economic Alternatives, to broadcast the idea of public, democratic planning, as opposed to the existing regime of closed-door, business-executive planning. They wrote frequent opinion pieces in the *New York Times* to support the raft of social-democratic reforms that reached Congress during the Ford and Carter Administrations, from a new full-employment law to the creation of public options in the energy, banking, and transportation sectors, which were already being lavished with public financing. Contributors to *Working Papers* aspired to develop policy proposals for a political economy in transition—proposals ranging from turning military industries toward civilian purposes to community buyouts of bankrupt Steel Belt factories and waterless septic tanks for private homes. The masthead included Noam Chomsky, Frances Fox Piven, and Emma Rothschild. Among the editors and contributors were young luminaries such as the journalists Andrew Kopkind and Christopher Jencks (an editor at the *New Republic*); the economists Derek Shearer (who later directed Tom Hayden's Senate campaign), Lester Thurow, Barry Bluestone, and Robert Kuttner (these last three helped Faux to establish EPI in 1986); and nonluminaries like Sidney Blumenthal and Judith Miller. Should they ever get back in power, the thinking went, the building blocks of a program would be ready at hand.

But the programmatic radicalism of *Working Papers* was a blend of statist planning and Marxist posturing that, in the inclement weather of the cold war, did not cohere outside universities. And the structural-planning debate of the 1970s turned only in part on the quality of the arguments: equally important was the lack of power that planners and their divided constituency held over Jimmy Carter. What of New Deal liberalism remained in influence had been firmly wedded to the Johnson-Kennedy cold war foreign policy; Carter's internationalist détente shut them out politically. Alperovitz rose to fame opposing US intervention in Indochina. George Meany, president of the AFL-CIO, had fully supported military spending on the Vietnam War and opposed peace on the grounds that it would endanger full employment. Lane Kirkland, who succeeded Meany in 1979, was once asked by a reporter about the AFL-CIO's "preoccupation" with "communism." "Totalitarianism," he replied, is "destructive of what we are."

When Jeff Faux founded EPI in the aftermath of the Reagan recession to bring the case for government planning back into the mainstream, he did so with money from organized labor. But a moment had passed; whatever power unions held evaporated as a cascade of plant closings rolled through heavy industry. The *Working Papers* alums became a team of consummate insiders, an image Robert Kuttner has most nobly upheld, selling social democracy to politicians increasingly unthreatened by any mass mobilization on behalf of working Americans.

The ideas on display in *After Piketty* approximate the direction of economic thought as intellectuals and scholars reach once again for the rudder of a drifting American liberalism. All three editors are in close orbit to influential Democratic Party

leaders. But a return to political economy among American liberal policy experts only foreshadows the enduring political ambiguities that lie beneath any reassertion of collective claims on the economy. If the rate of growth really is, as Solow's student Robert Gordon argues, facing unfavorable headwinds beyond our control, it is not immediately evident that a proper set of taxes and skills can channel private capital into more productive uses. Yet this remains the starting point for the majority of economists. In fact, Piketty's proposal for a global wealth tax is made because he forecasts a continued growth slowdown. Obvious corollaries to using the state to diminish private wealth are nonmarket forms of production and distribution, such as public enterprise or state-administered rationing programs. There is reason to think state-directed investments might, as a form of structural planning, even be superior to skills-based education in raising productivity, in which case growth would accelerate. Yet none of the contributors to *After Piketty* consider these practicalities.

Those who come closest to proposing practical programs do so through reshaping the private-sector labor market. If growth is slow, they reason, better to have it "predistributed" more evenly before taxes—to ensure more numerous slices than to fight over a pie that won't grow fast enough. These are older economists, such as Laura Tyson, who served as the chief of Bill Clinton's Council of Economic Advisers, and David Weil, who was the head of the Wage and Hour Division of the Department of Labor in the Obama Administration. Their chapters locate the past four decades of inequality in new, practical theories of the firm, rather than in grander visions of class struggle. Writing with Michael Spence, who shared the Nobel with Joseph Stiglitz, Tyson argues that new information technologies allow managers to concentrate power over employees through surveillance and logistics strategies that eliminate middle-management positions and redistribute income upward. The continued introduction of new technology in firms—think of the future of long-haul trucking—also suppresses labor income.

Weil's chapter is a restatement of his 2014 book, *The Fissured Workplace*, in which he argues that firm specialization, a focus on "core competencies," and the growth of outsourcing have been successful managerial strategies to suppress wages and flout eighty years of employment law. He, Tyson, and Spence all suggest that growing inequality has to do with gaps in income, rather than, as Piketty argues, with wealth growing at the expense of labor, and they propose traditional social-democratic policies to strengthen workers' bargaining power and expand the welfare state. But without the political infrastructure to mobilize the types of collective action required to enforce any real sacrifices from corporate executives—the political infrastructure once provided by labor unions—it is difficult to imagine how their agenda might be sustained.

WHAT TO MAKE OF the return of political economy? Has the type of programmatic thinking that flourished among government economists during the New Deal found a new audience in positions of influence? Federal involvement in the inner workings of corporate bureaucracy enraged corporate executives in the 1930s; the equivalent today would amount to compelling Jeff Bezos by law to raise wages in his warehouses and to have his investments directed by elected leaders. (At the moment, the opposite happens: his investments direct those elected

leaders.) The challenge of such conflict between corporate managers and public officials has led economists in many mixed economies to turn to government ownership. Why fight a business manager over the central planning office of a corporation when you can appoint in his place a bureaucrat loyal to the government and its program?

But such a conflict proved too great for America during the 20th century. The policy response of New Dealers was to turn away from control and toward growth as a way of achieving public goals within a system of "free enterprise." Incentives, they thought, could ensure that private property would be used for democratic ends. Policy intellectuals have remained trapped in this rhetorical mode ever since. Growth was meant to protect the sanctimony of free enterprise in a world of corporate domination, but what good is free enterprise if the growth it delivers no longer means rising wages and greater equality? In broaching the subject of power and control today, many of the writers in *After Piketty* may be signaling the return of a more robust agenda for bringing the rules of our economy into public, democratic debate. But understanding the existence of power is a long way from having it, and still further from knowing its possible uses. +

RACHEL OSSIP

Ghost World

Hito Steyerl. *Duty Free Art: Art in the Age of Planetary Civil War*. Verso, 2017.

HAVE YOU EVER OPENED A JPEG AS A TEXT file? If not, find a stray image, something from your desktop. I'm using a photo my father texted to me, of a hospital bill (mine) accidentally mailed to his address.

If you'll need your image later, make a copy. Then rename the file, change the extension from .jpg to .txt, and open it.

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This cryptic heap is the language of the contemporary image. On-screen images and even most we encounter IRL are made of such incomprehensible strings. Some lines are decipherable: a paragraph in, my bill reads, "Apple iPhone 6s back camera 4.15mm f/2.2," which means that it was taken with my father's iPhone camera using a large aperture. The light in his kitchen was low; it must have been night.

In a JPEG, these garbled glyphs are mostly encoded cosine functions, charting the location, luminance, and color of each pixel. If I'm feeling playful, I'll muck around—delete bits, add a message—then resave the file as a JPEG. Today, a few lines of pixels shift a centimeter to the left, shearing the aggressive suggestion "TO MAKE CREDIT CARD PAYMENTS."

I find it unnerving that most of the images we encounter are really just text—or, perhaps more accurately, data. Even when we know they're constructed, images that