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“Thomas Piketty’s *Top Incomes in France in the Twentieth Century* is in many ways a precursor to his famous *Capital in the Twenty-First Century*, a pioneering book in the methodological sense with empirical analysis that provides the core around which political and economic developments in France are woven and discussed.”

—BRANKO MILANOVIC, City University of New York

“*Top Incomes in France* is simply unavoidable for anyone wanting to understand the historical evolution of inequality in France, and it is the groundwork without which *Capital* would be nonexistent.”

—CAMILLE LANDAIS, London School of Economics

“*Top Incomes in France in the Twentieth Century* provides an important, detailed, and analytically insightful discussion of the political and legislative history of taxation in France. This book will be of tremendous value to all those interested in issues of social justice, inequality, taxation, and the evolution of capitalism.”

—MARTIN O’NEILL, University of York

TOP
INCOMES
IN FRANCE

IN THE
TWENTIETH
CENTURY

PIKETTY

TOP INCOMES
IN FRANCE

IN THE
TWENTIETH
CENTURY

INEQUALITY AND REDISTRIBUTION, 1901-1998

THOMAS PIKETTY

TRANSLATED BY SETH ACKERMAN



\$35.00 USA

A landmark in contemporary social science, this pioneering work by Thomas Piketty explains the facts and dynamics of income inequality in France in the twentieth century. On its publication in French in 2001, it helped launch the international program led by Piketty and others to explore the grand patterns and causes of global inequality—research that has since transformed public debate. Appearing here in English for the first time, this stunning achievement will take its place alongside *Capital in the Twenty-First Century* as a modern classic of economic analysis.

Top Incomes in France in the Twentieth Century is essential in part because of Piketty’s unprecedented efforts to uncover, untangle, and present in clear form data about patterns in tax and inheritance in France dating back to 1900. But it is also an exceptional work of analysis, tracking and explaining with Piketty’s characteristically lucid prose the effects of political conflict, war, and social change on the economic pressures and public policies that determined the lives of millions. A work of unusual intellectual power and ambition, *Top Incomes in France in the Twentieth Century* is a vital resource for anyone concerned with the economic, political, and social history of France, and it is central to ongoing debates about social justice, inequality, taxation, and the evolution of capitalism around the world.

TOP INCOMES IN
FRANCE IN THE
TWENTIETH
CENTURY

Inequality and Redistribution,
1901–1998

THOMAS PIKETTY
Translated by Seth Ackerman

The Belknap Press of Harvard University Press

CAMBRIDGE, MASSACHUSETTS

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Preface to the New Edition

The present book, *Top Incomes in France in the Twentieth Century*, is an exact reproduction of a work first published in September 2001 by Grasset. The book has its limits. It also has its own logic, and it launched an international research program that led me, twelve years later, to publish *Capital in the Twenty-First Century*, which was released in September 2013 by Seuil. Rather than updating this new edition in what would inevitably be a partial and arbitrary way, it seemed preferable to leave the work in its original state. The following preface will simply try to place this 2001 study in perspective, and in particular to briefly describe the main steps that led from *Top Incomes* to *Capital*.

My 2001 book was somewhat monomaniacal. In *Top Incomes*, I relied almost entirely on a single source, namely, the tabulations of income declarations that resulted from France's creation of a general income tax with the law of July 15, 1914, a few weeks before the outbreak of war. I also used the bequest declarations that resulted from France's transformation of its death duties into a progressive tax via the law of February 25, 1901, along with a few other sources on wages and finance, though in a much more limited way. The advantage of this monomaniacal approach is that this central source was subjected to a rather systematic treatment, including analysis of its social and institutional context. In particular, in Chapters 4 and 5 the reader will find a relatively detailed legislative and political history of the income tax in France in the twentieth century. I hope this might interest readers fascinated by political and cultural history, and not just those interested in economic and social history. The issue of taxation, once one moves past its apparently technical nature, forces political actors, in effect, to set aside abstract rhetoric about what is fair and what is not, and offer very precise definitions of the social groups that in their eyes merit the government's favor or disfavor. At that point, taxation becomes a force that both reveals and generates the different conceptions of social justice prevailing in a given era.

Compared to my 2001 book, *Capital in the Twenty-First Century* covered far broader thematic, geographical, and historical terrain. In that 2013 book, I dealt with the history of wealth rather than just income. I studied twenty different countries rather than just one, and the work ranged over three

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PREFACE TO THE NEW EDITION

centuries—sometimes a bit more than that—rather than just one. I tried to analyze and offer an encompassing interpretation of the overall evolution of the wealth distribution on a world scale since the eighteenth century based on historical materials gathered by several dozen scholars over the previous fifteen years. It was written in a more supple and personal way, and it placed the sources used in greater perspective than was done in my 2001 book.

Nevertheless, that vaster work would not have been possible without *Top Incomes*, or without the many colleagues who helped me expand on that initial work. In particular, not long after the publication of *Top Incomes*, I was fortunate to receive the enthusiastic support of Anthony Atkinson and Emmanuel Saez. Having been a model for me during my formative years as a scholar, Tony was the first reader of my historical work on inequality in France. He immediately turned his attention to the UK case, followed by those of many other countries. Together, we organized two weighty volumes published by Oxford University Press in 2007 and 2010, covering more than twenty countries in total and constituting the largest database so far available concerning the historical evolution of income inequality. Together with Emmanuel, we also treated the American case. We brought up to date the dizzying rise in the incomes of the richest 1 percent starting in the 1970s and 1980s, which had an influence on debates in the United States. My subsequent work was also deeply influenced by my encounter with Gilles Postel-Vinay and Jean-Laurent Rosenthal and the historical research we continue to undertake together in the Paris bequest archives, from the time of the French Revolution to the present. This whole research program also owes an enormous debt to all the graduate students and young scholars with whom I have been fortunate to work over the last fifteen years. In particular, I thank Facundo Alvaredo, Camille Landais, and Gabriel Zucman.

Last but not least, this research program would not have gotten underway without the confidence of Grasset, which agreed in 2001 to publish *Top Incomes* in full, with no space limitations. I would like to thank them here, and hope the reader won't hold it against them.

Paris, September 3, 2014

Acknowledgments

As I carried out this research, many people offered their advice, their encouragement, or their expertise on this or that particular issue. I would especially like to thank Luc Arrondel, Tony Atkinson, Christian Baudelot, Alain Bayet, François Bourguignon, Jacques Bournay, Adrien Friez, Jean-Michel Hourriez, Anne Laffèrère, Sylvie Lagarde, Stefan Lollivier, Fabrice Loones, André Masson, Bernard Salanié, and Pierre Villa. I would also, and above all, like to thank all the employees of the Ministry of Finance who, throughout the twentieth century, tabulated and ranked declarations of income, wages, and bequests. Without them, no research of this kind would have been possible. I must also give heartfelt thanks to CNRS, CEPREMAP, and the MacArthur Foundation for their financial support.

Finally, my thanks to Nathalie, without whom I might never have set out to write history.

September 2001

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Introduction

Why Study Top Incomes?

1. The Substantive Reason: Top Incomes and the Dynamics of Inequality

Although top incomes occupy a central place in political discourse and in perceptions of what is and isn't fair, very little is actually known about them. Above what level of income should one be regarded as having a "high" income, and what are the sources of income for the social groups in question? How have these realities—and these perceptions—changed in France over the course of the twentieth century? Has inequality between recipients of high incomes, on the one hand, and low and medium incomes on the other, tended to diminish or increase over the course of the twentieth century? What is the "natural" evolution of income inequality in a market economy? These are the basic questions that this book will try to answer.

1.1. Top Incomes, from the "Middle Classes" to the "200 Families"

First, high incomes pose a problem of characterization: How do we define what a "high" income is, and what names should we give to the social groups in question? There is obviously nothing innocent about these questions of definition and terminology. "Middle classes," "upper-middle classes," "upper classes," the "200 families":¹ all of these concepts are used in public discourse to refer to social groups whose incomes are significantly higher than truly average incomes. But the concepts themselves have weighty implications for the question of redistribution, and those who invoke them in their rhetoric seldom venture to specify at what income level the definitive switch—from the realm of the "middle classes" (or "upper-middle classes") to that of "upper classes" or "200 families"—takes place.

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To illustrate how we will be examining the question of the structure of top incomes, and also in order for anyone to be able to immediately locate their own place within the income hierarchy of their time, we think it is useful at this point to lay out the orders of magnitude of high and very high incomes in France at the dawn of the twenty-first century. Generally speaking, the most neutral way to depict the income hierarchy, which we will be employing throughout this book, is to sort incomes into “deciles,” “percentiles,” tenths of a percentile, and so forth. We arrange incomes in increasing order, and then consider ten equally sized groups (“deciles”), made up of the bottom 10 percent of incomes, the next 10 percent (and so on), and finally the highest 10 percent. To refine the analysis, we may also consider 100 equally sized groups (“percentiles”) made up of the bottom 1 percent of incomes, the next 1 percent (and so on), and finally the highest 1 percent of incomes. We can extend the exercise by considering 1,000 equally sized groups (“permilles,” or tenths of a percentile) composed of the bottom 0.1 percent of incomes, the next 0.1 percent (and so on), and the highest 0.1 percent, and so forth. Table I-1 presents the results of this ranking procedure for French incomes in 1998, as declared to the tax authorities (before any deductions).

In 1998, there were more than 32 million tax units,² about half of which were nontaxable households, that is, households whose incomes were too low for them to owe income tax. The average income declared by these 32 million households was around 130,000 francs per year, or less than 11,000 per month. The median income, that is, the income below which half of households are located in the income hierarchy, was just over 100,000 francs per year, that is, barely more than 8,000 per month. The fact that the median income is about 20–30 percent lower than the average income is a classic phenomenon: the upper half of the income hierarchy is always far more spread out than the lower half, pulling the average (but not the median) upward. Indeed, the figures shown in Table I-1 highlight how rapidly incomes rise as we enter the top decile of the hierarchy. To be among the best-off 10 percent of households in late twentieth-century France (that is, roughly 3.2 million out of 32 million households), one needs “only” to report an annual income above 262,000 francs, which is less than 22,000 francs per month. To be among the best-off 5 percent of households, one must have more than 336,000 francs in annual income, which is around 28,000 per month. And to join the circle of the best-off 1 percent of households (that is, around 320,000 households out of 32 million), one must

INTRODUCTION

TABLE I-1
Top incomes in France in 1998

Threshold	Income	Fractile	Income	Fractile	Income
P90	262,000	P90-100	420,000	P90-95	297,000
P95	336,000	P95-100	542,000	P95-99	428,000
P99	589,000	P99-100	996,000	P99-99.5	675,000
P99.5	765,000	P99.5-100	1,316,000	P99.5-99.9	1,010,000
P99.9	1,428,000	P99.9-100	2,542,000	P99.9-99.99	2,040,000
P99.99	3,998,000	P99.99-100	7,058,000	P99.99-100	7,058,000

Sources: Appendix B, Tables B-11, B-12, and B-13 (all incomes are in 1998 French francs and have been rounded to the nearest thousand).

Explanation: To belong to the 10 percent of households with the highest reported incomes in 1998, one had to report an annual income exceeding 262,000 francs (the P90 threshold); to belong to the top 5 percent, one had to declare an annual income exceeding 336,000 francs (the P95 threshold); to belong to the top 0.01 percent, one had to declare an annual income exceeding 3,998 million francs (the P99.99 threshold). The average income of the 10 percent of households with the highest declared incomes was 420,000 francs (the P90-100 fractile); the average income of the top 5 percent was 542,000 francs (the P95-100 fractile), etc.; the average income of the top 0.01 percent was 7,058,000 francs (the P99.99-100 fractile). The P90-95, P95-99, etc., refer to intermediate fractiles; thus the average income of households between the P90 and P95 thresholds was 297,000 francs (the P90-95 fractile); the average income of households between the P90 and P95 thresholds was 428,000 francs (the P95-99 fractile), etc.

Note: As will be the case throughout this book, it goes without saying that the various fractiles referred to here are defined in relation to all households (those that are subject to income tax as well as those that are not). The best-off 10 percent of households are the best-off 10 percent of all households—that is, roughly 3.2 million households out of a total of around 32 million households (in 1998).

exceed 589,000 francs in annual income, which is around 49,000 per month. Within the top percentile of the income hierarchy, this progression accelerates further: one needs more than 765,000 francs in annual income (around 64,000 per month) to be among the best-off 0.5 percent of households, 1.4 million in annual income (around 120,000 francs per month) to belong to the most affluent 0.1 percent of households, and 4 million in annual income to break into the very small circle of the most affluent 0.01 percent of households (which is around 3,200 households out of 32 million).

We can see, then, that the top decile of the income hierarchy, which will be our focus in this book, is truly a world unto itself: it includes both households with incomes that are barely more than twice the average annual income of the entire population, and households whose resources are several dozens of times greater. This probably explains why, frequently, not all “top” incomes are seen as

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such. At the dawn of the twenty-first century, the bottom half of the top decile—that is, the households of the P90–95 fractile—is made up of households whose incomes range from 22,000 to 28,000 francs per month, and whose average income is roughly 300,000 francs per year, which is 25,000 francs per month. The next 4 percent, that is, the households of the P95–99 fractile, have incomes that range from 28,000 to 49,000 francs per month, and their average income is 428,000 francs per year, which is just over 35,000 per month. The people in question, and society as a whole (or at least an important part of it), perceive precisely these income levels as “middle class” (or perhaps “upper-middle class” for the incomes of the P95–99 fractile).

We were provided with an especially characteristic example of this sort of usage of the concept of “middle class” during the recent debate about child benefits. In June 1997, having just been named prime minister, Lionel Jospin announced his intention to deny child benefits to households with incomes above 25,000 per month, a measure that, according to figures quickly released by the government, would affect “less than 10% of families.”³ The announcement immediately provoked fierce reactions. François Bayrou, leader of the centrist UDF Party (Union for French Democracy Party), and Robert Hue, general secretary of the Communist Party, along with a very large number of figures of every political stripe, chimed in to denounce a reform that would “come at the expense of average families.”⁴ Faced with this pressure from both its right and left, the Jospin government ultimately decided to backpedal: on the one hand, family allocations would continue to be granted to all households whatever their income level; on the other hand, starting with the 1998 fiscal year, tax advantages arising from the “family-quotient” system of dependents allowances would be reduced for the highest incomes, so that families with monthly incomes exceeding thresholds of around 35,000–40,000 francs (depending on the number of children)—less than 3 percent of families—would see their income tax rise slightly, by an amount that was generally less than what a cap on child benefits would have cost them. Yet the affair was not over. In the fall of 1999—that is, as taxpayers were receiving their first tax assessment notices incorporating this increase—the press was still almost unanimously stigmatizing the way the Jospin government was mistreating the “slightly upper-middle classes,”⁵ and many eminent members of the government majority were already promising a “gesture for the middle classes” in the coming years, in the form of an income tax cut.

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It is interesting to note that, during the debates and controversies elicited by this family-benefits affair, the question was never about whether it was actually true that less than 10 percent of households had incomes above 25,000 francs per month (a figure no one sought to contest);⁶ rather, it was about whether describing the world in this way was causing us to fall victim to a kind of “statistical illusion,” with no relationship to “sociological” reality. In other words, even if households with 25,000 francs of monthly income statistically belong to the highest 10 percent of incomes, they are nevertheless “sociologically” very close to the average, and it would thus be unfair to treat them like fat cats by asking them to make extra sacrifices. This is obviously not the place to take a position on the substance of the controversy, but rather the intention is to try to understand these perceptions and how they have evolved. In a certain sense, the “middle classes” with 25,000–30,000 of monthly income really are the classes that have “succeeded a little more than average” (which still leaves them with a purchasing power five times greater than that of the minimum-wage worker earning 5,000–6,000 francs per month, and ten times greater than that of the welfare recipient). The gap between “middle-class” incomes and genuinely average incomes can often be found within a single family, between brothers and sisters, between cousins, or even, often, over the course of a single person’s life, depending on circumstances that are perceived as being more or less contingent, such as whether there is only one working income or two within the same household. As the opponents of means-testing family benefits forcefully put it, “25,000 francs per month, that’s two average salaries, for example two teachers’ salaries.”

This sense of “the middle class’s proximity to the middle” is reinforced objectively if we look at the composition of different people’s incomes (see Table I-1).

Indeed, we observe that the “middle class” of the lower half of the top decile (P90–95 fractile) collects nearly 90 percent of its income in the form of “labor income” (wages, retirement pensions, other social benefits), roughly the same as the share for the bottom 90 percent of households. In this sense, the middle classes are indeed “in the middle,” and this radically distinguishes them from the upper strata of the top decile, for whom wage and pension shares of income steadily decline as so-called mixed income, and especially capital income, becomes predominant. Mixed income is so named because it compensates self-employed workers for both the labor the workers provide and the capital they

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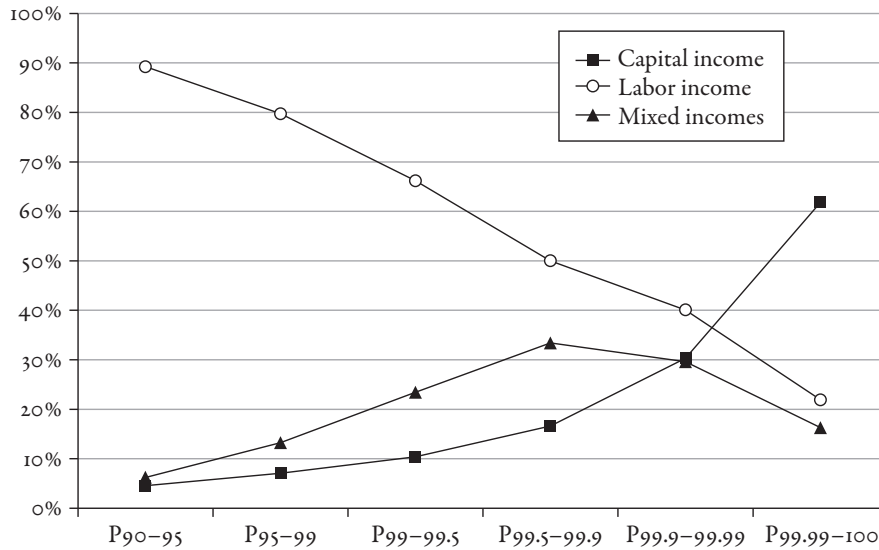


FIGURE I-1. The composition of top incomes in 1998: from the “middle classes” (P90-95 fractile) to the “200 families” (P99.99-100 fractile)

Source: Table B-16 (Appendix B)

invest. Therefore, following standard practice, we have included within this category “farm profits” (*bénéfices agricoles*, or BA) collected by farmers; “industrial and commercial profits” (*bénéfices industriels ou commerciaux*, or BIC) collected by shopkeepers, artisans, and other heads of “industrial or commercial” firms who do not have a wage-earning status; and “noncommercial profits” (*bénéfices non commerciaux*, or BNC) collected by doctors, lawyers, notaries, artists, and so on. We may note that these incomes do in fact occupy an intermediate position in the income hierarchy, between labor income and capital income: while the weight of labor income steadily declines and that of capital income steadily increases as we move up through the income hierarchy, mixed incomes reach their maximum level of importance at the middle of the top percentile (at the level of the P99.5-99.9 fractile), before declining further up (see Figure I-1). In other words, while there are many affluent doctors and lawyers among those with incomes around 1 million francs per year (though they are still slightly less numerous than executives, as shown in Figure I-1), it is much rarer to attain an income of several million francs per year without receiving significant capital

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income. For the 0.01 percent of households reporting the highest incomes (P99.99–100), around 3,200 households out of 32 million, whose average annual incomes reach more than 7 million francs (see Figure I-1), the share of wage and pension income falls to around 20 percent, as does the share of mixed income, whereas the capital-income share exceeds 60 percent (see Figure I-1). The share of rental income (rents collected by owners of houses, buildings, land, and other real-estate assets) rises only very slowly with the level of income,⁷ and the explosion in the capital-income share among very high incomes is mainly due to investment income (dividends received by stockholders, interest received by bondholders, and other incomes paid out to the owners of investment assets). Households in the P99.99–100 fractile thus collect (on average) more than 4 million francs per year, per household, in investment income! It must be stressed that this concerns only income declared for income-tax purposes and excludes a significant volume of legally exonerated financial income, especially capital gains, which, as we will see, significantly increases the real weight of capital income, as well as the levels of very high incomes. Figure I-1 thus confirms that the “200 families,” defined as a very small fraction of the population living on incomes derived from considerably sized fortunes, do indeed exist.⁸ Thus, the “middle classes” are above all defined by the fact that they live mainly from their labor, like the overwhelming majority of the population, in contrast to the “200 families” and the owners of large fortunes.

Nevertheless, dividing society in this way, into an overwhelming majority of the “working and middle classes living from their labor” on the one hand, and a minuscule fraction of the population living off their property income, on the other hand, is hardly satisfactory. This “proximity of the middle class to the average” still doesn’t resolve the central question: How far up do the “middle classes” extend? Some would not hesitate to describe as “middle class,” or perhaps “upper-middle class,” households made up of very high-level executives with monthly incomes of 50,000 or 60,000 francs, or even more, even though this would put them comfortably within the top 1 percent of incomes. In practice, obviously, there is no discontinuity, no clear and distinct break between the “middle classes,” the “upper classes” and the “200 families.” At each income level ranging from 25,000 per month to several million francs per year, there are a certain number of households whose numerical importance and social characteristics gradually and continuously change (see Table I-1 and Figure I-1). In particular, it would be totally fanciful to try to establish an airtight border

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between workers, on the one hand (whatever their wage level), and wealth-holders on the other. Executives often collect a growing part of their total income in the form of capital income (either by virtue of their own saving or through participation in the profits paid out by their employer) as they rise to the highest levels. But large wealth-holders often receive wages by virtue of their employment as chief executives of large companies, so the most affluent 0.01 percent of households in 1998 did, after all, collect more than 20 percent of their 7 million francs of annual income in the form of wages, which is more than 1.4 million in annual wages on average! All of these borders are thus extremely porous, and a dichotomy between the “working and middle class” and the “200 families” does not help us to think through this gradual shift among the various strata of the top decile of the income hierarchy.

One of the main objectives of this book is precisely to study the structure of these shifts and frontiers between high incomes and very high incomes, and above all to study how these frontiers have been transformed in France over the course of the twentieth century. Based on a meticulous analysis of tax sources that have until now gone largely unused in France (income tax returns, wage declarations, and bequest declarations), we will analyze the evolution of the structure of the top decile of the income hierarchy, from the early years of the twentieth century to the late 1990s. Were income disparities between the “middle classes” and the “upper classes” or “200 families” at their widest in the early years of the century, in the interwar period, in the 1950s and 1960s, or at the end of the century? Have there been profound changes since the early twentieth century in the composition of income received by the various strata within the top income group, and has there always been a distinction between “middle classes” who live off their wages and the “200 families” who live off their capital incomes? How has the economic and sociological divide between the “middle classes,” the “upper-middle classes,” the “upper classes,” and the “200 families” evolved over the course of the twentieth century?

1.2. Top Incomes and the Kuznets Curve

A long-term study of the incomes of the top 10 percent of households, the top 1 percent of households, the top 0.1 percent, and so forth, allows us not only to study the internal structure of top incomes, but it also offers a unique vantage point for analyzing the overall evolution of income inequality in the twentieth

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century, a question that has been studied very little in France. We will compare the evolution of incomes within the various fractiles of the top decile with the evolution of average incomes for the entire population, and we will try to understand which economic factors can explain why the top-income share of total income evolved in the observed way. We will see that making relatively fine-grained distinctions among the different worlds that cohabit within the top decile of the income hierarchy greatly facilitates the analysis. Indeed, the processes that might explain why the top-income share of total income has followed this or that path vary enormously depending on which specific hierarchical level of top incomes is being considered. While the relative position of the “middle classes” (P90–95 fractile) vis-à-vis the average income depends mainly on the narrowing or widening of the wage distribution, the position of the “200 families” (P99.99–100 fractile) depends chiefly on disturbances to capital incomes and the profits of the firms from which they originate. Thus, by separately examining the paths followed by the various top-income fractiles’ shares of total income, as well as concomitant shifts in the composition of the incomes received by these various fractiles, we will be able to precisely identify the economic and political factors in play. Obviously, the central question we will attempt to answer concerns the “spontaneous” nature of the evolution of inequality: To what extent is the evolution we see the “natural” consequence of the process of economic development, and to what extent has it been affected by external shocks and political interventions?

In particular, we will see how far the “Kuznets curve,” named for the American economist Simon Kuznets, who proposed the theory in 1955, allows us to account for the French experience. Analyzing statistics compiled from American income tax returns for the years 1913–1948, Kuznets arrived at the observation that the top-income share in total income had declined significantly between the early 1910s and the late 1940s, and it was on the basis of that observation that he formulated the idea of the Kuznets curve. According to this theory, income inequality is destined everywhere to follow an “inverted U-curve” over the course of the industrialization and economic-development process: that is, after a phase of rising inequality characterizing the initial stages of industrialization, which for the United States corresponded to the nineteenth century, there would come a phase of sharp reductions in inequality, which in the United States began in the early twentieth century. Kuznets’s work had a considerable impact: it was the first large-scale historical work attempting to

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rigorously measure the evolution of income inequality, and in the context of the Cold War the political stakes of these discoveries were clear. Kuznets's theory has been strongly challenged since the 1950s, especially because of the secular rise in income inequality observed in the United States since the 1970s. But that shift in the 1980s and 1990s still does not settle the question of the decline in inequality observed over the first half of the twentieth century, and the Kuznets curve remains an inescapable point of reference in historical work on inequality.

Unfortunately, although the issue of income inequality sparked important historical studies in the United States (in the tradition of Kuznets's work) and the United Kingdom, as well as, to a lesser extent, most countries in Continental Europe (with the notable exception of the southern European countries), works of this kind are extremely rare in France.⁹ Generally speaking, very few estimates of the French income distribution exist. Every five to six years since 1956, INSEE (National Institute of Statistics and Economic Studies) has carried out studies known as *Revenus fiscaux* (fiscal income), based on samples of income tax returns transmitted to INSEE by the tax administration, which INSEE supplements by adding a certain number of nontaxable incomes that do not appear in income tax returns (child benefits, social assistance payments, etc.) to the various households' incomes. Unfortunately, these studies, which examine incomes in the years 1956, 1962, 1965, 1970, 1975, 1979, 1984, 1990, and 1996, do not allow us to measure the fact top incomes specifically. Besides that they deal only with a few isolated years, which poses a problem because of the sharp, short-term fluctuations experienced by high incomes, the *Revenus fiscaux* studies are based on samples of insufficient size, so that the income level estimates for the different top-income fractiles suffer from significant sampling error.¹⁰

Available estimates for periods prior to 1956 are even more limited. In particular, Statistique Générale de France (SGF), which in theory served the same function as INSEE before the latter's creation in 1946, never carried out any studies comparable to the *Revenus fiscaux* studies—the first national study of incomes in France dates to 1956. Alfred Sauvy, in his *Histoire économique de la France entre les deux guerres*, published a table presenting an income distribution for the year 1929. But Sauvy was not specific about the sources and methods he used, and his estimates were far from consistent with statistics from tax-

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return samples from the period (in particular, Sauvy underestimated the number of very high incomes by a factor of around three to four).¹¹ Paul Doumer and Joseph Caillaux, finance ministers in the late nineteenth and early twentieth centuries, accompanied their 1896 and 1907 plans for the creation of an income tax with income distribution estimates formulated by their finance ministry staffs. These estimates, which were revised and adjusted by Clément Colson, a well-known economist of the period, were far more specific about their sources and methods than Sauvy's were, but there is every reason to think that they, too, significantly underestimated the weight of very high incomes.¹² We may also mention the estimates carried out independently by Jankeliowitch (1949) and Brochier (1950) based on tax-return statistics from 1938 and 1946, although they, too, suffer from serious imperfections.¹³ We should also mention an estimate recently carried out by Christian Morrison and Wayne Snyder for the French income distribution prevailing in 1780, based on statistics derived from the *capitation*.¹⁴

For the twentieth century, therefore, we ultimately have the estimates that INSEE has carried out periodically since 1956, the Sauvy estimates for 1929, Doumer-Caillaux-Colson for 1900–1910, and Jankeliowitch-Brochier for 1938 and 1946. These estimates are certainly not consistent, and none of them are truly satisfactory with respect to top incomes. Such disparate estimates clearly do not allow us to study the evolution of twentieth-century French income inequality in a satisfactory way.

This book therefore attempts to fill the void. Systematic analysis of the tax sources mentioned earlier (income tax returns, wage declarations, and inheritance declarations) will make it possible to situate France in relation to the Kuznets curve, leading us to challenge conclusions advanced by a number of authors, especially Anglo-Saxon authors. Are there strong French particularities in comparison with developments observed in the other European countries and the United States, and if so, why? Which years have seen significant declines in French inequality? Did they affect the “middle classes” or very high incomes more, and what has been the situation in other countries? What were the roles played, respectively, by the evolution of property income, the evolution of wage income, and by redistributions carried out by governments? Can the idea of a “natural tendency” toward less income inequality account for the French experience, and has this thesis really been demonstrated in other countries?

2. *A Practical Reason: The Sources Available*

Top incomes are an object of intrinsic interest, but there is a more practical reason to study them. In France, as in all other countries, top incomes are actually the least poorly understood incomes over the long run because they are the only ones that have been regularly declared to the public authorities, in the context of the income tax, and they have been since almost the beginning of the twentieth century. Other available sources for studying the evolution of inequality in twentieth-century France can usefully complement the information supplied by income tax returns, but none of those provide information as rich and systematic as this central source.

2.1. The Central Source: Income Tax Returns (1915–1998)

2.1.1. General Description of the Source

The income tax in France was established by the law of July 15, 1914, and the system was finalized by the law of July 31, 1917. In reality, it was a composite tax, since it included both a set of so-called schedular taxes, levied separately on each category (or “schedule”) of income (wages, profits from self-employment activities, investment incomes, etc.), and a “general income tax,” known as the IGR (*impôt général sur le revenu*), which was a progressive tax on the overall income of each taxpayer, that is, on the sum of all the incomes from the different categories. This progressive tax on total income is obviously the more interesting one from our point of view because it was in that framework that all taxpayers subject to the tax were required each year, generally in March, to declare all of their incomes from the previous year. The IGR went into effect for the first time in 1916, and the first taxpayers submitted their 1915 income tax returns in March 1916. The name of the IGR has been changed several times since then (IGR for the 1915–1947 tax years; the “progressive surtax” of the “tax on incomes of natural persons,” or IRPP, for the 1948–1958 tax years; then simply IRPP since the 1959 tax year),¹⁵ but the principle of a progressive tax on total income, based on taxpayers’ declarations of the totality of their incomes from the preceding year, has remained in effect, and without interruption, since the levy on 1915 incomes.

The continuity in the practices of France’s tax administration is even more remarkable than that of its legislation. Each year since the 1915 tax year, even

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during the Second World War, the tax administration has tabulated all submitted tax returns and compiled a number of statistical tables on the basis of these tabulations. The tables, which exist without exception for the 1915–1998 income-years, are public documents. They were mostly published in the various statistical bulletins that the Finance Ministry has disseminated over the years, and while they have not been published anywhere since the early 1980s, any interested person can still obtain them by contacting the relevant agency. The most interesting table, which has existed without interruption since the 1915 income-year, shows the number of taxpayers and the total amount of income declared within each of a certain number of taxable-income brackets: taxpayers with taxable incomes between 500,000 and 1 million francs, taxpayers with incomes above 1 million francs, and so on. The second table, which was compiled by the tax administration only for the 1917, 1920, 1932, 1934, 1936, 1937, 1945, and 1946 income-years, and then for all years from 1948 onward, also shows, for each taxable-income bracket, the income amounts within the different categories of income (not just the total amount of income).

Because of inflation and overall income growth, the numbers reproduced in these tables are obviously not usable in raw form. A relatively long and laborious statistical treatment is needed to transform the raw figures produced by the tax administration into consistent and economically intelligible series. Through statistical analysis of these raw materials, we have been able to estimate for each year of the 1915–1998 period the income levels of the various fractiles that make up the top decile of the income hierarchy in France, as well as their composition for all years for which the second table is available.

Once these estimates are complete, the great richness of this source becomes clear. In particular, homage must be paid to the tax administration for having used extremely high income brackets over many years in tabulating the tax returns. For example, for each year of the interwar period, we know the number and the total amount of income for taxpayers with taxable incomes above 1 million of that era's francs—a maximum of 700–800 taxpayers per year.¹⁶ These very high income brackets have allowed us to carry out very precise estimates of income levels not only for the top decile (P90–100), the top half-decile (P95–100), and the top percentile (P99–100), but also for the top half-percentile (P99.5–100), the top 0.1 percent of incomes (the “top tenth of a percent” (P99.9–100), and the top 0.01 percent of incomes (the “top hundredth of a percent” (P99.99–100). In this way, we can follow which top-income

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fractiles have seen their shares of total income rise or fall year by year, over the entire 1915–1998 period, and thus identify the economic and political factors at play. These estimates allow us to study in a relatively fine-grained way both the large-scale, long-term transformations of income inequality and the “details” of short- and medium-term changes; these details, as we will see, are often intimately related to the many great turning points in twentieth-century French economic and political history, especially in the interwar era.

We invite readers interested in the technical aspects of these estimates to refer to the technical appendixes found at the end of the book, where we thoroughly describe all of the raw tables from which we have drawn, the estimation procedures used and the results obtained, as well as references to the Finance Ministry bulletins where all of the raw statistics were published (these appendixes should contain all of the information and intermediate calculations necessary to replicate our calculations, from the raw figures published by the tax administration down to our final estimates.)¹⁷

2.1.2. Why Have These Sources Never Been Used in France?

As we have already noted, these tax statistics have never before been systematically used in France. The only two attempts we have been able to find are the works of Jankeliowitch (1949) and Brochier (1950), who both used the income statistics from 1938 and 1946.¹⁸ The authors of tax law and public finance treatises in the interwar and immediate postwar periods also mentioned these statistics, but they were content merely to reproduce the raw tables compiled by the tax administration, making no attempt to homogenize raw figures from different years. Instead, their objective was to provide their readers with orders of magnitude for incomes declared under the income tax, not to estimate the income distribution.¹⁹ From the 1950s onward, the annual statistics compiled by the tax administration were no longer even mentioned, with authors usually limiting themselves to citing the results of the *Revenus fiscaux* studies carried out periodically by INSEE since 1956.²⁰ Generally speaking, these studies quickly became practically the only source that statisticians and economists used to measure income inequality in France, and in a sense they cannibalized the annual statistics compiled by the tax administration.²¹

It is possible that this underuse of the statistics compiled by the tax administration might be explained (at least in part) by the very high degree of pessimism in France vis-à-vis tax fraud. In France, it is often believed that tax fraud

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reaches epic proportions, and this is sometimes seen as stemming from a characteristic of French “culture,” thus linking us to the Latin cultures of southern Europe, as opposed to those of the Anglo-Saxon, Germanic, and Scandinavian countries, where fraud is supposedly far less widespread. And if everyone is engaged in appalling levels of fraud (with the sole exception of the person issuing the judgment), then what’s the point of studying tax and income-distribution statistics? But as we will see, the few serious quantitative studies on this question suggest that tax fraud in France at the level of tax returns is not significantly greater than in a country like the United States, so it is hard to understand how the existence of fraudulent practices could explain why tax statistics remain especially underused in France.

Obviously that does not mean that the figures listed in income tax returns must be taken as gospel. The problems of tax fraud and, to an even greater extent, of income legally exempted from the income tax, are quite real, in France as well as every other country, and tax sources must always be used with a great deal of caution. Just as we must avoid the trap of rejecting any use of tax statistics on the grounds that the evolution of declared incomes provides no valid information on the evolution of real incomes, we must also avoid falling into the opposite trap. In Part Three of this book (Chapter 6), we will revisit in detail the ways in which undeclared income (for legal or extralegal reasons) is liable to bias our estimates and conclusions, with respect to both the level and the evolution of very high incomes over the course of the twentieth century. For the moment, we will simply note that the argument based on tax fraud (or on income legally exempt from income tax) is in itself wholly insufficient to dismiss changes in inequality observed at the level of declared incomes. That is, if the rate of tax fraud is always more or less the same, or if it changes in equal proportions for the different fractiles of the income hierarchy, then the evolution of inequality of real income will be the same as that of declared income. If we were to dismiss the observed evolutions, then we must explain why the extent of fraud changed significantly over time, in the opposite direction from declared income, and only for some income groups and not for others. As it happens, we will see that trends in the probable extent of tax fraud tend to confirm and amplify the observed movements in inequality of declared income. Besides, even if the possibilities for manipulating declared income were so large and so unpredictable that no reliable conclusions could be drawn from the trends in these incomes (we will endeavor to show the opposite), we think there would still be a certain

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interest in examining these trends. Declared incomes represent “public” incomes, that is, the incomes that people can manifest publicly. Indeed, since the early 1920s, the tax administration has been able to reassess declared income based on “aspects of standard of living” or “outward signs of wealth,” which at a minimum means that the gap between real income and declared income cannot exceed certain limits. Declared incomes are also “public” incomes in the sense that they form the basis on which the tax contributions from top incomes have been calculated throughout the century, and the history of these contributions and the corresponding degree of redistribution strikes us as an interesting question in itself.

Tax sources have other limits. In particular, only those subject to tax have been included in the statistical tables compiled by the tax administration since the creation of the income tax. In France, the share of households subject to tax fluctuated at around 10–15 percent in the interwar period, and it was only in the 1960s and 1970s that the share reached a level around 50–60 percent. Thus, the tax statistics do not allow us to estimate incomes below the 90th percentile for the entire period under study, which is why we have limited ourselves to estimating the income of the top decile (the P90–100 fractile) and beyond (P95–100, P99–100, etc., up to the P99.99–100 fractile), and we have done this for the entire 1919–1998 period (for 1915–1918, the small share of taxable households required us to limit ourselves to the incomes of the top percentile and beyond). This is a very important limitation: for example, tax sources do not let us see the evolution of inequality between low incomes and mid-level incomes. But this problem arises in all countries. In particular, the taxable share of households was also around 10 percent in the United States, and in most countries in the interwar period. That is why historical studies of inequality, starting with those undertaken by Kuznets, have most often been limited to the top decile of the income hierarchy. So this is not a limitation specific to France.

Finally, let us note that the French underuse of tax sources is perhaps partly because France, more than other countries, has developed other tools for observing inequality, especially the socioprofessional categories (*catégories socioprofessionnelles*, or CSPs).²² Indeed, the “vertical” CSP classifications developed in France at the end of the Second World War—as opposed to the more “horizontal” classifications based mainly on industrial sectors, rather than position in the social hierarchy, in the manner of France’s pre-World War II censuses—are among the most sophisticated in the world, and the CSPs

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quickly gained paramount importance in representing inequality and the different social positions. For example, the notion of *cadre* (salaried white-collar managers and professionals) is a specifically French notion. It is quite possible that the development and use of the CSP classifications helped to limit interest in tax statistics, and, more generally, in the study of income inequality in terms of fractiles rather than in terms of socioprofessional groups. For example, Bégué (1987, 242–243) explains that one of the main motivations behind the first of INSEE's *Revenus fiscaux* studies in 1956 was the fact that the annual statistical tables compiled by the tax administration on the basis of income tax returns did not “offer results by socioprofessional category.”²³ Bégué explains very clearly that the objective at the time was to make it possible “to shed light on problems arising from social conflicts and negotiations between different groups.” In other words, in the eyes of all, the CSPs provided a more appropriate framework for understanding social inequality than did income fractiles: social conflicts, as they appeared to society, were clashes between socioprofessional groups, not between fractiles. From this perspective, Marchal and Lacaillon's treatise on *La répartition du revenu national* (The Distribution of National Income), which served as a reference handbook for generations of students, seems to make for particularly instructive reading. In four volumes published between 1958 and 1970, a total of 1,800 pages, the treatise does not contain a single reference (even *pro forma*) to income (or wage) distributions expressed in terms of fractiles: the question of “distribution” is viewed solely through the prism of socioprofessional groups.²⁴ The problem is that the CSPs do not permit satisfactory study of the long-term evolution of inequality. In addition to the fact that they have existed only since the 1950s, the main problem posed by the CSPs is that the numerical size of the different categories constantly changes, so that comparisons between the average incomes (or average wages) received by the different CSPs cannot yield reliable conclusions regarding the true evolution of inequality: only comparisons between the average incomes (or average wages) of groups representing a constant fraction of the total population under study (that is, fractiles) permit such conclusions. Indeed, as we will see, comparisons between CSPs have often led to important errors in estimates of the evolution of inequality in France.²⁵ Another limitation of CSPs is that they do not allow us to “see” very high incomes, since those incomes are buried within much vaster categories. In a sense, then, CSPs offer a “pacified” vision of inequality.²⁶

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We will conclude by observing that France's distinctiveness with respect to the underuse of tax statistics should not be exaggerated. While it is true that statistics derived from income tax returns have been especially little-used in France, it is also true that the use of these statistics in other countries, including the United States and the United Kingdom, has hardly been as thorough as it could be, as we will see when we compare our results for France with available estimates for other countries. In all countries, not only France, transforming raw tax sources into consistent and intelligible series would seem to be a painstaking and relatively unattractive job. The statistical techniques that allow the income-distribution curve to be estimated from tax statistics divided into brackets have not changed since Pareto's discovery of "Pareto's law" in 1896. Kuznets later applied these techniques in all of his historical studies of inequality, and we will be applying them in this book. Although they are not very sophisticated, these statistical techniques nevertheless require a certain technical investment. In a sense, the long-term use of tax sources represents a sort of academic "no man's land": it is too economic for historians and too historical for economists, thus attracting few scholars. We will show that the tax sources used here are, nevertheless, richly informative, for both historians and economists.

2.2. Other Sources Used in This Book

2.2.1. Sources on Income-Tax Legislation (1914–1998)

In order for us to properly interpret and use the statistics based on income tax returns, it was essential to obtain a solid understanding of the evolution of income tax legislation since the foundational law of July 15, 1914. For example, the deductions that taxpayers are permitted to subtract from their incomes have changed a great deal over the twentieth century. Thus in order to create rigorously consistent series on the income levels of the various top-income fractiles (before any deductions), we had to take into account all of these legislative changes and apply some adjustments to estimates derived from the raw tax statistics (which are always expressed in terms of taxable income, that is, after taking deductions into account.)²⁷

Moreover, in addition to being of interest in this purely technical way, income tax legislation is also an extremely valuable source for studying how income inequality was perceived in twentieth-century France. For example, to

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study how the notion of “top” incomes has evolved in France over the course of the century, we have taken into account all of the tax-rate schedules in force since 1914 and carried out year-by-year estimates of the average tax rates that successive governments have seen fit to impose on the various top-income fractiles. As we will see, the specific ways in which different income categories (wages, profits from self-employment, financial income, etc.) have been taxed are also quite revealing about the major shifts in perceptions and images of inequality over the course of the twentieth century.

Finally, a detailed examination of the evolution of income-tax legislation was all the more necessary because, in our view, the development of progressive taxation represents one of the main explanatory factors that allow us to understand the long-term evolution of income and wealth concentration documented by our estimates. To assess the plausibility of the proposed explanation, it was, again, necessary to examine when, and for which income fractiles, average tax rates reached substantial levels in twentieth-century France.

For all these reasons, we have assembled in this book the most complete information possible on the evolution of income tax legislation since the law of July 15, 1914. Because the secondary literature devoted to these issues is extremely limited, we have in most cases had to go back to the texts of the laws published in the *Journal Officiel (JO)*, France’s official government publication.²⁸ We must keep in mind that historians, generally speaking, have shown little interest in the income tax. There are a few works devoted to the parliamentary process that led up to the July 15, 1914, law,²⁹ but the evolution of progressive taxation since the institution of that foundational reform has almost never been studied as such.³⁰ As for political history textbooks and narratives of parliamentary history, they generally refer only superficially to the evolution of the income tax, and they have been useful to us mainly in locating the political contexts in which the various tax laws were adopted.³¹ To better understand how these laws were perceived by the political actors, we have also referred to parliamentary debates, as well as to the election programs published by the political parties.³²

With respect to the legislation itself, we have also used textbooks in tax law written by jurists from various periods. These texts generally limit themselves to outlining the legislation of their era, but we have also found them very useful for understanding certain points of jurisprudence that the laws themselves do not elucidate.³³ In addition, we have made use of the legislative notices published

by the Finance Ministry along with the statistical tables derived from the tax-return tabulations, although these notices are often relatively incomplete and unfortunately have not been compiled for the entire period under consideration.³⁴ In fact, besides the texts of laws published in the *JO*, the most useful and systematic source on legislation comes from the statistical tables themselves: for each income bracket, the tables compiled by the tax administration show not only the number of taxpayers and the total amount of income, but also the total amount of tax owed by the taxpayers in question. By recalculating the hypothetical tax on the basis of our legislative information and comparing it with the actual taxes appearing in the tables, we have thus been able to verify year by year that our legislative parameters correspond closely to those actually enforced.³⁵ Finally, we should mention the *Guides pratiques du contribuable* (Practical Guides for the Taxpayer), published almost every year since 1932 by the SNUI (the trade union of French tax administration employees) and its forerunners, which we have also used.³⁶

2.2.2. National Accounts (1900–1998)

As we have already noted, the use of statistics derived from income tax returns makes it possible to estimate the twentieth-century evolution of income levels for the best-off 10 percent of households, the best-off 1 percent, the best-off 0.1 percent, and so forth. In order to situate these top incomes within the context of the society of their times, and in particular to calculate the evolution of the top-income share of total income, it was essential to understand the evolution of total income for the overall population as well as average income per household for all households (both taxpayers and nontaxpayers). For this, we referred to the macroeconomic series from the national accounts (whose purpose is to account precisely for the economic activity of the whole country), which thus provide us with estimates of the overall mass of income at the national level: total wages paid to workers, total profits of self-employed workers, total dividends paid to shareholders, and so on. The method of estimating top-income levels from income tax returns and estimating average income levels from the national accounts is not new (it has been used in all historical studies on inequality, including those of Kuznets), but it requires a great deal of caution. The concepts of wages, profits, and so forth, used in the national accounts are not actually the same as those used by the tax authorities, so we have had to make certain adjustments to the macroeconomic national-accounting series in

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order to compile a series for average income that is as consistent as possible with the top-income series derived from tax returns. In addition, the national accounts will allow us to identify the macroeconomic context within which the income inequality depicted by our estimates evolved, thus helping to interpret and evaluate the plausibility of that evolution.

Finally, since the official national accounts began only in 1949, for years prior to 1949 we have made use of macroeconomic series compiled by a number of scholars working independently. In particular, we have used the series compiled in the interwar era by Dugé de Bernonville, as well as the retrospective series recently compiled by Pierre Villa. All of the sources used, the adjustments made, and the results obtained, are described in detail in a technical appendix at the end of the book.³⁷

2.2.3. Wage Declarations (1919–1998)

To round out the findings from our income inequality estimates, it was necessary to study the evolution of wage inequality, and the results we obtained from incomes allowed us to formulate a certain number of hypotheses—which, of course, could be confirmed or disconfirmed only by studying wage inequality as such. To do so, we used the most reliable and most systematic source on wages that we have, that is, employer wage declarations. The creation of the general income tax and the schedular tax on wages in 1914–1917 led the authorities to require employers to submit an annual declaration stating the amount of wages paid to each of their workers over the previous year, and this annual requirement has been in effect ever since. Using this source allowed us to create the same type of estimates for wage inequality as for income inequality. Thus we have estimated the evolution of the shares of total wages going to the highest-paid 10 percent of workers, the highest-paid 5 percent, the highest-paid 1 percent, and so forth. Because the tax authorities only began analyzing wage declarations and compiling corresponding statistical tables starting from the 1919 wage-year, our estimates begin in 1919, and we will make use of occupational and sectoral data (wages of blue-collar workers, wages of civil servants, etc.) to study years prior to 1919.

The employer wage declarations have apparently never been used for the entire period considered here. They have been used by INSEE as a source for statistical analyses carried out almost every year since 1947–1950, and in 1979 those analyses gave rise to the publication of an important retrospective study

of wage inequality in France since 1950 by Christian Baudelot and Anne Lebeaupin. This work was recently expanded and carried forward to the 1990s.³⁸ However, because those works provide no estimates of the share of total wages going to the top-wage fractiles, we have reanalyzed all of the raw statistical material that INSEE has compiled from wage declarations since 1947–1950 to obtain such estimates for the 1947–1998 period. In addition, and most importantly, the interwar wage declarations, which were tabulated by the tax administration, apparently have never been used to study wage inequality: all studies carried out since the Second World War begin with 1947–1950, and the very existence of an equivalent source allowing pre-1947 wage inequality to be studied has mostly likely been forgotten.³⁹ As we will see, the study of the evolution of wage inequality over the entire twentieth century (especially the position of top wages) reveals important features of France’s interwar and early twentieth-century social structure and provides a better understanding of the long-term dynamics of income inequality. The raw statistical materials we have analyzed, the methodology we have used to obtain these estimates, and all of the series thus obtained are described in detail in a technical appendix at the end of the book.⁴⁰

2.2.4. Bequest Declarations (1902–1994)

Finally, given the central role played by wealth inequality in the structural changes in French income inequality in the twentieth century, we thought it essential to supplement the findings derived from our estimates of income and wage inequality with an examination of the evolution of wealth inequality. To do so, we have used the statistical tables that the tax administration has compiled since 1902 from tabulations of bequest declarations. These inheritance statistics have allowed us to estimate the evolution of the size of bequests left by the richest 10 percent of deceased, the richest 1 percent of deceased, the richest 0.1 percent, and so on, over the course of the twentieth century. We will thus be able to examine whether developments observed at the level of incomes are consistent with developments observed at the level of wealth.

Here again, this source has never been used for the entire period under study. Inheritance-declaration samples created by the tax administration in the 1980s and 1990s have given rise to important studies,⁴¹ but no one appears to have tried to analyze the long-term inheritance statistics that are available.⁴² The result, as with income inequality, is that no historical study of the evolution of wealth inequality in twentieth-century France exists (whereas in the

Anglo-Saxon countries, such studies, based on the same type of bequest statistics, do indeed exist).⁴³ The raw inheritance statistics we have used, the methodology we have applied, as well as all of the series obtained, are described in detail in the technical appendix at the end of the book.⁴⁴

3. *Plan of the Book*

The three parts of this book are organized in the following way: Part One presents the overall evolution of income and wage inequality in France in the twentieth century. Chapter 1 begins by reviewing the major stages in the growth of average purchasing power in France over the twentieth century; this chapter presents no genuinely new facts, but such a broad orientation is useful before we move on to the original findings. Chapter 2 is, to a great extent, the central chapter of this book: we present results obtained from tax-return statistics on the evolution of the composition of top incomes and of top-income shares of total income, and we formulate the hypotheses that will be studied more precisely in the chapters that follow. Chapter 3 deals with the evolution of wage inequality; notably, we present results obtained from wage-declaration statistics concerning the evolution of the top-wage share of total wages.

Part Two is devoted to studying the progressive income tax and its impact on top incomes in twentieth-century France. Chapter 4 presents the evolution of income tax legislation since its creation in 1914. Chapter 5 studies the evolution of the average tax rates to which the various top-income fractiles have been subject. Part Two makes it possible to refine some of the hypotheses formulated in Chapter 2, as well as to study the evolution of perceptions of income inequality.

Finally, Part Three of this book reviews the conclusions arrived at in the previous chapters and seeks to situate France in relation to the Kuznets curve. In Chapter 6, we examine the extent to which undeclared incomes (whether for legal or illegal reasons) are liable to bias the conclusions we obtained from tax returns: to do so, we notably use the information provided by our analysis of bequests statistics. In Chapter 7, we compare the French experience to experiences abroad and propose an overall assessment of the Kuznets theory, which brings us to our conclusion.