CARREDITORIAL

I was enjoying the distracting hoopla over bestselling author Michael Lewis's latest book *F a B*, until the unthinkable happened. This stirring tale about an equities trader with a moral compass was outsold by Thomas Piketty's hefty tome, *Ca a e T e F Ce u*, which tracks the growing ratio of capital to income.

I must admit that for my long haul flight out of London for spring vacation, I snapped up the lighter of these two options.

In case you missed it, Lewis has made a provocative claim about how algorithms are used to zip in and out of non-public stock exchanges called dark pools. He argues that when high frequency traders deploy algorithms to exploit latencies, the rest of us get stuck with an unfair market. ('Latency' is a polite way of saying that high frequency trading (HFT) firms can intercept order information before it is received by the exchanges.)

But Lewis isn't interested in HFT because he thinks markets are rigged, nor is this the main intrigue he offers readers. He's written the book because he's emotionally compelled by the heroism of his main character, an affable Canadian trader who single-handedly figures out how HFT firms make a tidy profit by moving markets against large institutional investors, the guardians of public savings. Here's this perfectly comfortable middle class guy, Lewis explains, who's forced to step up for the greater good after he confronts a terrible discovery about the system.

Ca a is perhaps moving for similar reasons. A group of content researchers in France decide to map out the international economic history of inequality. Their results leap out of the graphs. If we believe the dynamic that appears in the stark black lines, then the increase in the return on wealth is consistently outpacing the growth of income. Their leader cautions that unless this tendency is checked by an internationally coordinated political effort to narrow the widening gap, the future, writ large, will look something like Downton Abbey.

The data Piketty and company have dared to collect for a period of more than a hundred years, are a stunning example of how to execute a research project with panache. Academics eager to ace the UK's newly introduced impact exercise should cringe, as *Ca a* blows through our local assessment criteria.

It's not too late to start ploughing through *Ca a'* 700 plus pages. The book offers social scientists plenty of opportunities to fine tune its main thesis. Piketty's objective is to sensitize us to our prospective state of inequality, yet his social imagination remains rooted in the disparities of the long 19th century. It is Lewis, on the other hand, blinded by the mythical sparkle of individual entrepreneurship, who uncovers how categorically new mechanisms, like market automation, are creating unnervingly obscure forms of financial advantage.

Why is the rate of return on capital outpacing income? The answer, I think, lies not in the sweeping nature of capital, but in the gritty details of distinctly contemporary financial innovations. It is finally time for researchers of the financial system to lay the tired theme of crisis to rest. Thanks to Lewis and Piketty, we now know that hardening financial inequality is hardly a state of exception.