Wealth Inequality: A Relational Perspective

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Abstract

This chapter advocates a paradigm shift in wealth inequality research by advancing a relational approach that moves beyond dominant atomistic and substantivalist perspectives. We begin by tracing the field's emergence and empirical maturation, highlighting both its rapid growth and the ongoing need for deeper theoretical development. Building on prior research, we propose a claims-based relational paradigm that defines wealth not as a stock of net assets—tangible or intangible—but as a set of secure claims on economic resources rooted in asset ownership. This reorientation shifts analytical attention from the intrinsic properties of things to the processes that secure and enforce access to them. We argue that prevailing relational frameworks in inequality research—particularly categorical class analysis and rent-based approaches—are ill-suited as foundations for a relational theory of wealth and fail to capture its distinctive dynamics. To illustrate the potential of this framework, we sketch three domains where a claims-based perspective offers new analytic leverage: the interpretation of asset price inflation, the role of the state in constituting and distributing wealth, and the development of relational financial accounts that link wealth to the structures through which it is created and maintained.

Keywords: wealth inequality, relational approach, claims-based paradigm, asset price inflation, the state, financial accounts

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Poor guy and rich guy
looked each other in the eye,
the poor guy made his pitch:
"If I wasn't poor, you wouldn't be rich."
- Bertolt Brecht, Alfabet, 1934

1 Introduction

Occupations, income, and education are the holy trinity of 20th-century stratification research (Ganzeboom, Treiman, and Ultee 1991). They have served as the conceptual and measurement foundation for the analysis of socio-economic inequality and mobility, sometimes as single indicators and deeply theoretically motivated – such as in the case of occupation-based measures of social class (e.g., Wright 2005) – and sometimes as composite and largely theory-free scales – such as in the case of socio-economic indices (*see* Hauser and Warren 1997). Empirical attention to wealth or net worth as a separate dimension of stratification emerged quite slowly during the last quarter of the 20th century (Henretta and Campbell 1978; Campbell and Henretta 1980; Rumberger 1983; Sherraden 1991), soon with a focus on the large wealth gaps between racial and ethnic groups (e.g., Oliver and Shapiro 1989, 1995; Semyonov, Levin-Epstein, and Spilerman 1996; Conley 1999). While two influential review articles from 2000 (Keister and Moller 2000; Spilerman 2000) still lamented the relative dearth of empirical and theoretical work on wealth, a more recent review concluded that "the field has moved from its infancy to its adolescence: It has experienced tremendous growth and progress, but substantial room remains for continued development." (Killewald, Pfeffer, and Schachner 2017). In this article, we discuss some of the areas that are in most need of further development. In other words, we sketch what we consider some of the central components of a successful transition to adulthood for the field. As in real life, the transition from adolescence to adulthood will emerge slowly and will entail some reorientation and breaks from prior developments (Arnett 2000). We, therefore, present what we consider an ambitious but preliminary vision for a new conceptual approach by outlining a relational perspective on wealth.

Most centrally, we argue that a set of deeper theoretical paradigms is essential – theories crafted for the particularities of wealth and that are rooted in a relational paradigm. While issues of measurement still pose challenges, many of the fundamental or baseline measurement challenges have been addressed, or ongoing projects, such as the World Inequality Database (WID), the Luxembourg Wealth Study (LWS), and the Wealth and Mobility (WAM) Study, are tackling many of these remaining baseline measurement issues. These baseline measurement challenges include accurately accounting for the true skew of the distribution of privately held wealth (e.g., Saez and

Zucman 2016, 2022; Smith, Zidar, and Zwick 2021, 2023), the distribution of wealth across countries (LWS and WID) and the geographic distribution of wealth within a single country (WAM for the US), and intergenerational wealth mobility (WAM). However, beyond core measurement issues, the field needs theoretical paradigms that help us make sense of wealth inequality research's current challenges and controversies, and that can ground wealth inequality in a textured and rich sociological paradigm.

We take a foundational step toward such a conceptual apparatus by proposing a claims-based relational paradigm for understanding wealth. We define wealth as secure claims on economic resources. This definition shifts the conceptualization of wealth from a stock of economic resources—things—to a stock of claims on things. It relocates the source of wealth's value from an asset's characteristics to the social processes and institutions that endow particular assets with specific claims.

The social ontology of wealth we advance builds on Ronald Coase's (1991) foundational insight that "what are traded on the market are not, as is often supposed by economists, physical entities but the rights to perform certain actions," as well as Katharina Pistor's (2019) theory of legal coding as a constitutive force in asset creation. This paradigm clarifies conceptual disjunctures within the statistical infrastructure used to measure wealth and speaks directly to the foundational questions that generate the greatest consternation in the literature: What precisely is wealth? What ought to be included or excluded? Ultimately, a claims-based ontology exposes the limitations of frameworks that treat wealth as an inventory of economic things and instead invites us to study it as a relational, institutionalized structure of claims.

Relational theories in the social sciences, though diverse in their specifics, share the premise that social entities—such as groups—do not exist as independent, pre-existing units but are fundamentally shaped and constituted through their interactions and the processes connecting them (Emirbayer 1997). These theories have their epistemic roots in classical physics and the philosophy of physics, which posit two contrasting views about space: one sees space as an independent entity, existing apart from the objects within it; the other holds that space is nothing more than the dimensional relationships between those objects (Dasgupta 2015). The former maps onto what social scientists refer to as the substantialist perspective—entities "come first and relations among them only subsequently" (Emirbayer 1997: 281)—and the latter onto a relational perspective, where entities are constituted by or only exist through social relations.

Extending this view to wealth means shifting the conceptual center of gravity from material holdings to the claims that social actors are broadly empowered to make on economic resources via those holdings. Wealth derives its value not from the intrinsic qualities of assets, but from the legal and institutional arrangements that render

claims on economic resources enforceable or secure. Thus, a claims-based relational paradigm pushes us to consider how assets are created, distributed, and reproduced through institutional arrangements, legal regimes, and historical processes. It calls for a more systematic conceptualization of long-standing debates in wealth inequality research. We highlight three areas where this perspective brings particularly important implications: the meaning and significance of asset price inflation; a call to "bring the state back in" (à la Rueschemeyer, Skocpol, and Evans 1985)—with particular attention to public wealth; and a new frontier for measurement, from the ambitious goal of constructing relational financial accounts to more concrete steps like linking assets and liabilities or tracing intergenerational transfers. These are not the only domains where this paradigm would have significant implications, but they illustrate the kinds of questions that come into focus when we shift to a claims-based relational paradigm.

Before turning to our central argument, we begin this chapter (Section 2) by tracing the genealogy and major developments of wealth inequality research. Section 3 presents the theoretical framework we believe can guide the next phase of the field. Section 4 critically assesses two prominent approaches—categorical class analysis and rentier frameworks—that, while relational in intent, fall short of capturing the distinct dynamics of wealth. Section 5 illustrates the relevance of a claims-based relational framework across the three areas of inquiry outlined above.

2 Recent Strides in Wealth Inequality Research

Wealth inequality has returned to center stage in political and academic discussions, with levels of wealth stratification now reaching heights unseen since the Gilded Age (Saez and Zucman 2016). This renewed attention reflects not only increasing public concern about rising wealth concentration but also a shift within social science toward more nuanced understandings of the mechanisms driving wealth inequality and great substantive work on the effect of wealth and the relation of wealth to other facets of the social world - e.g., education and racial wealth inequality. As Killewald, Pfeffer, and Schachner (2017) noted, wealth inequality research has matured from its infancy into adolescence, yet there remains much room for further theoretical development and empirical refinement.

The maturation of wealth inequality research has been driven by several critical developments, which we briefly review below. First, improved data availability allowed researchers to track wealth dynamics more effectively across populations and longer time intervals, eventually detecting a U-shaped pattern in the historical trajectory of wealth inequality. Second, methodological innovation and substantial ensuing debate

eventually provided a much clearer picture of the extent of wealth concentration at the very top of the distribution. Third, wealth has increasingly been recognized as not just a consequence or expression of stratification but also as a determinant of inequality in its own right (an independent variable), with profound implications for life chances, economic security, and social mobility. All elements of this maturation call for a more complex, relational analysis of wealth.

2.1 The Rise, Fall, and Reemergence of Wealth Inequality Research

Historically, wealth inequality has been central to political economy and social theory. In the 19th and early 20th centuries, debates about wealth distribution were pivotal to understanding societal structure and the nature of social justice. Henry George (1879), for example, placed land and rent at the core of his critique of inequality, advocating for a "single tax" on land as a solution to the disparities created by unearned income from land ownership. Karl Marx (1867) focused on the proletarianization of workers, arguing that the loss of access to the means of subsistence (land, tools, and other elements of what we often consider "wealth") forced workers into wage labor, deepening economic inequality.

In the United States, wealth inequality has historically played a significant role in shaping social and economic policy. For instance, debates over westward expansion, homesteading, and Reconstruction in the 19th century were inherently tied to issues of wealth distribution, particularly concerning land ownership. Slavery and its aftermath further entrenched racial disparities in wealth, as formerly enslaved people were systematically denied access to land and other forms of capital as Reconstruction retreated. Similarly, monetary policies, such as the gold standard debates and the establishment of the Federal Reserve, shaped the wealth distribution by influencing access to credit and financial stability. During the Progressive Era, concerns about wealth concentration became more prominent, with figures like Theodore Roosevelt and Woodrow Wilson advocating for reforms to curb the power of wealthy elites and monopolies.

The post–World War II period, however, marked a temporary decline in the salience of questions of inequality, which gave way to concerns about poverty in both political and academic discourse. While the Keynesian Revolution, which focused on income growth, employment, and macroeconomic stability, shifted attention away from wealth and toward measures of income dynamics. Yet, despite this focus on income and poverty, policies enacted in the post-war era had significant implications for wealth distribution. In the United States, programs like the GI Bill, federal housing subsidies, and the rise of employer-based pension systems facilitated greater access

to wealth for the middle class, particularly through homeownership and retirement savings. This period of relative "wealth equality," as described by Piketty (2014, 2020), represented a unique moment in U.S. history, though disproportionately to the benefit of White Americans.

By the late 20th century, and particularly in the 21st century, wealth inequality began to reemerge as a central concern in the U.S. and elsewhere. The neoliberal turn in economic policy, characterized by deregulation, tax cuts for the wealthy, and the weakening of labor unions, contributed to the dramatic rise in income and wealth concentration. Initially, only a trickle of scholars took note of the growing disparities, with works such as Oliver and Shapiro's (1995) *Black Wealth, White Wealth* and Ed Wolff's (2002) *Top Heavy*. In recent years, however, a flood of groundbreaking research—particularly studies using administrative data—has revealed soaring levels of wealth stratification (Saez and Zucman 2016). The work of economists like Thomas Piketty, whose *Capital in the Twenty-First Century* (2014) brought global attention to the concentration of wealth among the top 1%, has helped to cement wealth inequality as a defining issue.

2.2 The Rediscovery of Wealth Concentration

In 2012, it appeared from the gold-standard survey of wealth – the Survey of Consumer Finances (SCF) – that the distribution of wealth in the U.S. had largely flatlined. However, in 2016, a groundbreaking study by Emmanuel Saez and Gabriel Zucman challenged this view by estimating wealth inequality using tax data rather than survey data. Their findings were explosive: wealth inequality had not remained stable but had, in fact, skyrocketed. According to Saez and Zucman's (2016) estimates, the wealth share of the top 1% had increased by 50% between 1989 and 2012, while the top 0.1% saw a staggering 92% rise during the same period.

What set Saez and Zucman's work apart was their methodological innovation and use of administrative data. They capitalized income flows reported on tax returns, mapping income flows reported in tax returns to aggregate asset and liability values documented in the Financial Accounts of the United States. By applying capitalization factors to these income flows, they were able to estimate individuals' wealth, including those at the very top of the distribution—something the widely used SCF may struggle with due to sampling limitations, including the deliberate exclusion of the wealthiest individuals listed in the Forbes 400 for privacy reasons.

Their approach was not without controversy. A heated debate ensued among researchers. Critics like Bricker, Volz, and Hansen (2018) argued that Saez and Zucman's estimates overestimated wealth concentration at the top, suggesting instead

that the top 1% wealth share grew by 30%, not 50%, over the 1989 to 2012 period. They contended that Saez and Zucman's assumption of homogeneous rates of return across the wealth distribution skewed the results, and incorporating heterogeneous rates of return brought the top 1% share down from 40.5% to 33.9%. Similarly, Smith, Zidar, and Zwick (2021), who also used tax returns and the income capitalization method but with alternative assumptions, found that the top 1% share increased by 35%, not 50%, arguing that wealth and rates of return were correlated.

In response to these debates, Saez and Zucman (2020) revised their own estimates downward, acknowledging that the top 1% share had grown by closer to 30%. While the initial estimates were adjusted, the central finding remained intact: wealth inequality had grown substantially over the past few decades. Furthermore, the methodological debates led to somewhat of a convergence between tax data and survey data estimates. Studies such as Bricker, Hansen, and Volz (2019) showed that when adjustments were made—such as switching from a family unit to a tax unit and incorporating the Forbes 400—the SCF and tax-based estimates of wealth concentration became more closely aligned.

All major estimates now point to a substantial increase in wealth inequality in the United States, though debates remain regarding the exact concentration at the top. These debates primarily focus on which assets to include—particularly whether to account for defined benefit (DB) pensions—rather than on the distribution of assets and liabilities themselves. Forthcoming research from WAM, along with ongoing updates to the WID, promise to shed further light on these questions.

This episode not only sparked methodological refinement but also highlighted the growing consensus that wealth stratification has deepened significantly. Following the framework Daniel Hirschman (2021) provides in his discussion of the "discovery" of rising income inequality, this finding about soaring wealth inequality — despite the contestation — has now become part of the "knowledge infrastructure" of inequality research. In Hirschman's framework, the discovery of a sharp rise in wealth inequality is no longer a debated hypothesis but a *stylized fact*, accepted and integrated into both academic discourse and public understanding.

2.3 From Key Developments to the Need for a Relational Paradigm

Recent scholarship has significantly advanced our understanding of wealth inequality, both by identifying its drivers and by examining its social consequences. A prominent strand of research seeks to explain the post-1980 surge in wealth inequality. Piketty (2014) attributes the trend to capitalism's inherent tendency toward wealth concen-

tration during periods of low income growth. Others emphasize shifts in tax policy (Kaymak and Poschke 2016), pension institutions (Rhodes forthcoming; Sabelhaus and Volz 2019), and the increasing centrality of financial assets in household portfolios (Krippner 2011; Davis and Kim 2015; Lin and Neely 2020). The broader concept of "rentier capitalism" captures how passive asset ownership, rather than productive investment, has become a key driver of wealth accumulation (Christophers 2020).

At the same time, wealth is increasingly recognized as an independent variable that shapes life outcomes. Unlike income, which affects short-term consumption, wealth conditions long-term mobility, political influence, and access to opportunity (Pfeffer and Killewald 2019; Shapiro 2004; Conley 1999). This growing recognition has fueled work on intergenerational inequality and the persistence of advantage (e.g., Lersch and Groh-Samberg 2023). In the U.S. context, a parallel literature has highlighted the racial wealth gap as a central axis of stratification, rooted in historical and ongoing exclusions such as redlining, segregation, and discriminatory labor markets (Darity and Mullen 2020; Hamilton and Darity 2010; Katznelson 2005; Oliver and Shapiro 1995). Despite legal reforms, these disparities remain entrenched, and recent work shows little progress since the civil rights era (Derenoncourt et al. 2024). Without structural redistribution, racial wealth inequality is unlikely to decline (Dvir-Djerassi 2024).

While these developments mark substantial progress, the field faces persistent challenges that call for deeper theoretical integration. Fundamental disagreements remain about what should count as wealth and how it should be measured. Consider three prominent controversies: (1) whether pension entitlements—such as DB plans and pay-as-you-go systems—should be included in net worth (Manduca 2022; Pfeffer and Waitkus 2021); (2) how incorporating Social Security alters trends in wealth inequality (Catherine et al. 2025; Sabelhaus and Volz 2020); and (3) whether a narrow focus on private wealth marginalizes the role of public wealth in addressing inequality (Dvir-Djerassi 2024; Piketty 2020). These debates are not just technical; they reflect underlying conceptual uncertainty about what wealth actually is. We argue that the next stage of wealth inequality research must be guided by a more coherent theoretical framework: a relational framework.

3 The Claims-Based Relational Approach to Wealth

This section introduces the claims-based relational approach to wealth. We begin by defining wealth as a stock of secure claims on economic resources—an inductive definition grounded in how wealth is measured across national accounts and household surveys. We then draw on legal and sociological theory to clarify key terms. Next, we

identify the dominant frameworks we are pushing against—namely, those that reduce wealth to tangible assets or treat it as inherently tied to production. Finally, we show how our definition leads directly to a relational paradigm.

3.1 A Claims-Based Definition of Wealth

Our definition of wealth emerges not from abstract theorizing but through close analysis of national accounts and statistical infrastructures—specifically, how wealth is defined and measured in practice. We begin with a simple observation: across official systems of measurement—such as the Federal Reserve's Financial Accounts (Table B.101.h), the SCF, Panel Study of Income Dynamics (PSID), and Survey of Income and Program Participation (SIPP)—there is a stable set of assets and liabilities that are constitutive of household net worth. These include an array of financial assets (e.g., equities, bonds, mutual funds), non-financial assets (e.g., primary residences, business equity), and debts (e.g., mortgages, credit cards). There is also a set of assets that appear in some measures but not in others (e.g., DB pensions do not appear in the SCF; neither defined contribution (DC) nor DB pensions are part of the PSID wealth module and net worth measure, though individual retirement accounts (IRAs) are included; the Financial Accounts includes all of these). We consider only those assets that are shared across these dominant measures. From this existing consensus, we proceed inductively and ask: what is the most restrictive conceptual definition of wealth that includes all of these elements?[1]

To formalize this, we draw on set theory. Let $A_1, A_2, \ldots, A_n$ represent the sets of assets included in various dominant definitions of net worth. We define W, the minimal shared definition of wealth, as the intersection of these sets:

$$W = \bigcap_{i=1}^{n} A_i$$

This intersection produces a definitional baseline. We reason that the common feature of assets included in W, is that they contain a *sufficiently secure claim on economic resources*: stocks can be sold, savings accounts can be drawn down, houses can be traded, etc. In a second step, we can then evaluate whether assets outside W—for example, social insurance claims or unfunded pensions—meet the same criterion: do they represent sufficiently secure claims on economic resources?

[1] This approach follows the tradition of *immanent critique* (Bhaskar 1975), which aims not to reject dominant categories outright but to reconstruct them from within. The resulting definition of wealth is not a final or ahistorical truth, but a provisional, theoretically grounded abstraction—an ideal-typical construct that simplifies in order to illuminate.

Several illustrative examples help clarify why we define wealth as "sufficiently secure claims on economic resources." Wealth is often differentiated from income through the adage that wealth is a stock and income is a flow. Yet lifetime annuities—guaranteed income streams that often cannot be sold, transferred, or inherited, and yet are consistently included as assets by all dominant measures—deviate from what the stock-versus-flow metaphor would suggest. These annuities are valued using the present value of their future payouts; they are non-bequeathable and not fungible. Their inclusion demonstrates that assets need not be liquid or inheritable, nor resemble a "stock" in the ordinary sense, to qualify as wealth. Lifetime annuities simply guarantee an income flow—that is, they represent a secure claim on economic resources.

Government bonds provide a second instructive case. The market value of U.S. Treasury securities and municipal or state bonds is "universally" counted as part of private wealth, even though their value derives not from underlying physical assets but from the government's authority to raise tax revenue in the future. These are tax-backed promises, and their recognition as wealth reflects not material backing but legal enforceability. A similar principle holds for fiat currency: its value stems not from convertibility into gold or another commodity, but partially from the fact that it is accepted in payment of taxes. In each of these cases, wealth is constituted by the credibility and enforceability of claims—not by their reducibility to the real economy or some particular conceptualization of their economic tangibility. Again, these examples underscore the conceptual consistency of defining wealth as a stock of sufficiently secure claims on economic resources.

Now, using W as our baseline, we can observe that the same logic used to justify the inclusion of lifetime annuities can also support the inclusion of *funded* DB pensions. Moreover, because *unfunded* DB pensions (i.e., pay-as-you-go systems) share structural similarities with both annuities and government bonds, they too satisfy the same definitional threshold. This approach is typical of recent efforts to justify the inclusion of previously excluded assets. Through similar logic, Manduca (2025), for instance, makes the case for including social insurance broadly, and Smith, Zidar, and Zwick (2023) extend the asset boundary to include Social Security wealth. In both cases, the argument hinges not on the material form of the asset, but on its claims-generating capacity.

The definition we arrive at reflects the internal logic of the systems used to measure wealth. In this sense, prevailing measurement practices already embody a claims-based logic. At the same time, our claims-based definition of wealth should not be understood as a universal "covering law" that applies uniformly across all contexts. Our analysis is situated in and derived from the classificatory logics of 20th- and 21st-century capitalist and mixed economies. It may apply elsewhere, but we do not presume that. The question of external validity is an important one—and it is being explored in a growing body of historical and comparative work on wealth

stratification. For example, Alfani et al. (2025) examine asset distributions in the Roman and Han empires; Piketty (2020) investigates slavery as a form of wealth in the U.S. South; and Smits et al. (2009) have developed comparative historical national accounts. We do not take a strong position on how far the claims-based definition can travel. Our only assertion is that it offers a more internally coherent definition of wealth for the purposes of analyzing contemporary economies, and a better foundation for tracing the linkages that constitute the relational structure of wealth.

3.2 Assethood, Ownership, and the Codification of Wealth

Writing in 1958, Hannah Arendt reflects on the strange condition of modernity: societies growing ever wealthier and yet, in a deeper sense, becoming "essentially propertyless." Though our aims diverge from hers, the sharp line she draws between property and wealth gestures toward the claims-based relational view we develop here—one in which wealth is not a stockpile of physical things but a set of secure claims, and in which property and wealth are treated as separate analytical objects. Her insight anticipates, even if obliquely, Robert Coase's notion that what is traded on asset market are not objects but rights—the sanctioned ability to do certain things. "Wealth and property," Arendt writes, "far from being the same, are of an entirely different nature... clearly show[ing] how little these two things are connected" (61).

Building on Arendt and Coase, we consider wealth a relational structure grounded in secure claims. Legal frameworks—not physical form or productive capacity—often determine what qualifies as wealth. As Katharina Pistor argues in *The Code of Capital*, wealth is constructed through legal codification. The aggregate level and distribution of wealth are inseparable from the legal and institutional mechanisms that enable ownership (cf. Wansleben 2021). Through these mechanisms, an entity becomes an asset when it can be owned and made to generate returns or sold (see Table 1: Glossary of Core Terms).

A striking example of the social construction of an asset is the "assetization" of personal data (Birch 2024; Birch and Muniesa 2020). Data gathered by social media companies are not inherently property and not inherently marketable. But when courts and legislatures allow data to be owned, traded, and monetized, they become an asset—despite no change in the underlying resource. Through legal coding, data (information about people) acquire the ability to generate income (*fructus*) and to become fungible, and thus their ownership garners claims on economic resources – i.e., they becomes wealth.

Table 1: Glossary of Core Terms

Term	Definition
Wealth	Net value of secure claims on economic resources—held by social units (e.g., individuals, households, communities, states)—not a stock of goods.
Secure Claim	A present-tense, enforceable right to an economic resource. Claim security is historically contingent and shaped by political, legal, and institutional arrangements.
Economic Resources	Marketable or potentially marketable goods, services, or capacities—not limited to newly produced output (i.e., not reducible to GDP or national income).
Property	A modular bundle of rights. Counts as wealth if (1) exclusive to a social unit and (2) includes the right to monetary income (*fructus*) or to transfer (*alienation*). Not all property is wealth, but all wealth presumes some property basis.
Asset	Property that confers a claim on economic resources and satisfies the conditions above. Assessed in terms of its hypothetical market price.
Liability	A recognized obligation to relinquish resources; the mirror of another unit's asset.
Public Wealth	Net claims on resources held by collective actors (e.g., states); public assets (e.g., state-owned enterprises) minus public liabilities. Distinct from augmented wealth.

This definition differentiates wealth, assets, and property.[2] Not all property confers wealth, but all wealth presumes some property basis. Property is a precondition for assethood. Following the conceptualization of property as a "bundle of modular rights" (à la Honoré 1961 and others), for property to have the capacity to confer secure claims on economic resources (i.e., for it to be an asset), it must be exclusive to a bounded social unit—such as an individual, household, corporation, community, state, or other collectivity—and must confer either the right to monetary income (*fructus*) or the right to transfer (*alienation*). In other words, *exclusivity*, along with either *fructus* or *alienation*, is what enables assethood.

Importantly, ownership of wealth is not limited to individuals or to entities owned by individuals (e.g., corporations or trusts). Collective actors—such as states, nonprofits, and quasi-public institutions—can and do hold wealth, as recognized by the System of National Accounts (SNA; see United Nations et al. 2009). As we argue below, the omission of public wealth—the assets and liabilities of the state—from standard wealth statistics and analyses reflects not empirical limitations but ontological commitments: what is excluded is excluded because of how we conceptualize what counts. Such exclusions have important implications.

While we confidently define wealth as secure claims on economic resources,[3] we inten-

[2] The same conditions that apply to an asset apply to a liability, which is merely an asset with a negative claim.

[3] *Economic resources*, in contrast to income, are broader—especially in aggregate. The term refers to all marketable goods, services, and positions, where *marketable* means tradable or salable, regardless of whether they are newly produced or captured in GDP or national income accounts. This differs from production-based measures—which exclude land, legacy assets, and certain potential services, such as political influence. As we use it, *economic resources* refers to the full set of things that can

tionally do not provide a universal definition of what constitutes a secure claim. The relative security of a claim is institutionally and contextually contingent—a function of law, enforcement, ideology, and broader political-economic conditions (see Piketty 2020 for discussion of the role of ideology in facilitating wealth). As we've established, wealth—these claims—derives its force from legal, political, and institutional arrangements, not from the physical nature of the asset, its role in economic production, or its function in the real economy. Importantly, we define these as claims on *economic resources*—a framing that diverges from other, somewhat similar arguments that conceptualize wealth as claims on future income.[4]

3.3 The Trouble with Treating Wealth as Stuff

This definition departs significantly from the ontological frameworks that structure much of the contemporary wealth inequality literature. These dominant frameworks—what we would describe as atomistic, productionist, and economistic—treat wealth as a stock of valuable things, often with a strong link to productive capital. This may not always be stated explicitly, but it operates as a tacit social ontology embedded in data sources, modeling choices, and interpretive narratives.[5]

Consider Piketty's influential works, *Capital in the Twenty-First Century* and *Capital and Ideology*, which have helped center wealth and its distribution in contemporary social science. In these, Piketty oscillates between a rich, sociologically attuned

be purchased, traded, or otherwise mobilized through market exchange.

[4] We intentionally do not define wealth as a claim on future income. We depart from Manduca (2022)—wealth as "control over future income"—and Naidu (2017)—wealth as "secure claims on future income that are then bought and sold on asset markets" (pp. 101–102). A full account of why is beyond the scope of this article, but here we offer three of the most relevant reasons: (1) assets are priced in their current exchange value under certain marginalist / *ceteris paribus* conditions; in cases where assets are not readily exchanged—such as DB pensions—present value calculations are used to approximate what their market price would be if they were tradable. These calculations reflect the value of claims that can be exercised today. It is the present value, and therefore the present claims, that define the asset's worth; (2) under expansive definitions of income, such as Haig-Simons, income includes the accretion of wealth, which introduces a circular logic if wealth is also defined as a claim on income; and (3) wealth, as presently measured, reflects claims on a broader universe of marketable resources than income typically captures.

[5] The accounting literature defines assets simply as resources—things—that are controlled and expected to generate future economic benefits. This framework is conceptually agnostic to whether wealth is reducible to physical or intangible assets, or to any other intrinsic feature of the asset itself. Unlike the SNA, accounting standards define assets by their capacity to produce future income, a definition operationalized through present-value pricing of expected cash flows (International Accounting Standards Board 2018; Cochrane 2005). As a result, the valuation practices that structure official wealth statistics reflect a conceptual apparatus that sidesteps debates about whether wealth ultimately consists of tangible or intangible nonfinancial assets. Instead, they align more closely with a claims-based conception of wealth.

analysis—what Suresh Naidu (2017) calls "wild Piketty"—and a more conventional view—"domesticated Piketty"—in which wealth and capital are treated as functionally equivalent.[6] In this latter version, wealth is defined as the market value of productive assets, a category broad enough to include residential real estate and other assets not typically associated with production. A substantial body of economic literature has criticized this conceptual slippage for its consequences on empirical modeling and the calibration of key parameters.—e.g., Acemoglu and Robinson (2015), Krusell and Smith (2015), and Rognlie (2016). But our concerns are different; they are ontological. In Piketty's dominant framing, wealth is presumed to originate in the productive capacity of things.

This atomistic or productionist ontology is not unique to Piketty. In most empirical work on wealth inequality, researchers are not primarily concerned with theorizing wealth's definition. Nonetheless, implicit ontological commitments shape both data selection and analytical scope. Saez and Zucman (2016) offer a revealing example. Their influential framework excludes unfunded DB pensions on the grounds that these are "promises of future payments that are not backed by actual wealth" (p. 526). This justification treats "actual wealth" as something ontologically distinct from promises—presumably, something tangible or at least backed by marketable assets. Yet the same framework fully includes government bonds, which are also promises of future payments, ultimately backed by tax revenues. The selective inclusion of some promises and exclusion of others exposes an unexamined and, as a result, less than fully coherent ontology at the heart of what has become the empirical backbone of one of the most influential data sources for wealth inequality – namely the World Inequality Database.

A similar ontological structure undergirds the SNA and the Financial Accounts, where household assets and liabilities are ultimately reducible to "tangible wealth such as land, structures, and machines, and intangible wealth such as patent rights" (Holmquist and McIntosh 2015). In this view, "households' financial wealth can be viewed as a claim on the nonfinancial wealth of other sectors." Accordingly, the explosion of mortgage-backed derivatives prior to the 2008 financial crisis is treated as ultimately reducible to real estate—even though these instruments were layered atop one another, with multiple claims tied to the same underlying asset. That is, financial assets "do not exist" independently of "real assets." This assumption is difficult to reconcile with both empirical patterns and dominant sociological accounts of financialization and asset price inflation (e.g., Adkins et al. 2021; Lin and Neely 2020; Davis and Kim 2015; Tomaskovic-Devey and Lin 2011; Krippner 2011; Arrighi

[6] Piketty occasionally offers a more relational view of wealth—again, what Naidu (2017) calls "wild Piketty"—in contrast to his more conventional treatment equating wealth with productive capital. This version, as Naidu puts it, sees wealth as "the alchemy of today's income transmuted into secure claims on future income that are then bought and sold on asset markets" (p. 102), aligning more closely with our definition: wealth as enforceable, institutionally supported claims.

1994). If rising financial asset values were merely reflecting productive, nonfinancial assets, it is hard to explain the widening gap between the capital stock (measured at replacement cost) and the market value of financial wealth (see Section 5.2).[7]

This brings us back to our central argument: these paradigms are unstable. Their reduction of wealth to underlying "real" assets is conceptually weak and contradicted by numerous counterexamples, some of which we have outlined above. More fundamentally, they reify a vision of the economy that is not socially embedded (Polanyi 1944/1957) and in which wealth is generated atomistically rather than defined relationally.

3.4 Towards a Relational Theory of Wealth

A relational framework for wealth follows from the very definition of wealth that we have advocated. Rather than treating wealth as a stock of valuable economic resources (where the fountainhead of its value emanates directly from the asset), we conceptualize it as a set of secure claims on economic resources embedded in social, legal, and institutional relations (the fountainhead of its value emanates from the rights afforded from the social system via the asset).[8] This framing draws from traditions in relational sociology or "relational realism" (Tilly 2002), which emphasize that social reality or, to use Little's (2016) term, "social things" (73), are dynamic processes constituted within the social world rather than extant *a priori*.[9]

Wealth-claims are, by definition, relational, and their existence and security is a function of institutional structures. This definition makes a relational understanding of wealth analytically unavoidable. Again, the asset does not produce wealth – the wealth of the asset is the claims that it entitles you to. Therefore, the fountainhead of wealth is not a thing, but a social process. To understand wealth dynamics and its distribution, therefore, the object of study shifts away from economic processes, strictly defined, to social processes.

Following from this definition, wealth is not distributionally neutral. Even when an asset's value rises purely through changes in market valuation—*asset price infla-*

[7] This conceptualization also collapses under its own logic: to sustain it, contracts must be redefined as non-tangible real assets (Holmquist and McIntosh 2015), a semantic maneuver bordering on reductio ad absurdum.

[8] Note that, for reasons of parsimony, we use the term asset throughout, but liability could be exchanged if the sentence were "inverted."

[9] A potential concern with this formulation is that it appears to collapse into the broader concept of embeddedness (Krippner 2001; Granovetter 1985; Polanyi 1944/1957). While our framework requires embeddedness, it is not reducible to it. Embeddedness is a necessary condition for a relational wealth paradigm, but it is not a sufficient condition.

tion—the resulting capital gain still redistributes advantage at others' expense. The inflation of asset prices afford their holders greater claims on a finite pool of economic resources. In this sense, the accumulation of wealth entails a relative redistribution, irrespective of the channel through which this accumulation occurs. Because all claims are ultimately made over the same underlying economic resources, the expansion of some actors' secure claims can crowd out or weaken the claims of others—particularly through price effects or barriers to entry. This is not to suggest a strict zero-sum logic, but rather to emphasize that in most contexts, the accretion or decretion of wealth is distributionally consequential. This understanding also reinforces the normative case made by Robeyns (2024) in *Limitarianism*, which argues that wealth ought to be limited—not only on moral grounds, but because the quantity and distribution of wealth claims affect everyone in a system of finite economic resources.

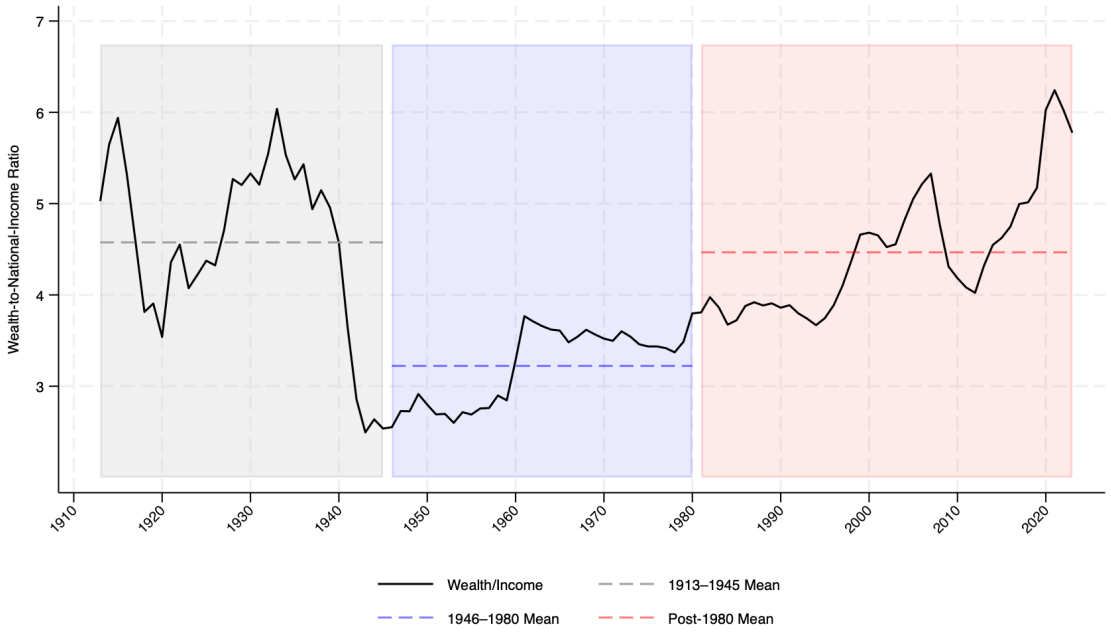
Figure 1 displays the ratio of aggregate private wealth to national income over time. While national income does not capture the full scope of economic resources as we define them, it serves as a reasonable proxy. A version of this figure has been used by Piketty (2014, 2020), Manduca (2022), and others to illustrate the growing significance of wealth. We broadly agree with that interpretation. The rising wealth-to-income ratio signals an increasing share of economic resources claimed by wealth holders. A larger stock of wealth relative to national income implies that a greater portion of economic output flows to the owners of wealth rather than, for example, to labor. In this sense, the quantity of wealth claims has direct distributional consequences. As private wealth accumulates, so too does stratification—across a range of measures, including the capital–labor ratio.

4 Comparison to Other Relational Approaches

Of course, we are by no means the first to claim that a relational perspective to wealth is overdue (see Sørensen 2000; Dwyer 2018; Adkins et al. 2020; Fessler and Schürz 2022; Waitkus et al. 2024). Nor should the call for a relational perspective on an important dimension of inequality be particularly controversial among sociologists. After all, some of the most influential classical and contemporary sociological perspectives on inequality are relational (Tilly 1998; Wright 2005; Tomaskovic-Devey and Holt 2019). In this section, we discuss two common conceptual approaches that may appear like promising candidates for a relational perspective on wealth but, as we argue, are not: deductive categorical approaches to class and rent-based understandings of social inequality.

We first explore whether deductive categorical frameworks, such as those offered by sociological class analysis, offer the right starting point for building this relational

Figure 1: U.S. Private Wealth-to-National-Income Ratio, 1913–2023



Notes: Aggregate private wealth reflects privately held household wealth as reported in the World Inequality Database. It excludes unfunded DB pension entitlements, which the definition of wealth advanced in this paper would prefer to include.
Source: Authors' analysis of data from the World Inequality Database (WID.world)

paradigm. Categorical analysis is useful because it organizes the world into bounded entities, making relationships between those entities clearer. We identify two types of categorical analysis: First, deductive categorical analysis that emerges from a coherent theoretical paradigm and which has been central to sociological class analysis. Second, quasi-inductive categorical analysis used to construct narratives and stylized facts (Hirschman 2021), such as the racial wealth gap or the top 1% wealth share. We argue that the first type is not equipped to fully capture the complexities of wealth inequality. In contrast, the second type has proven highly successful for the analysis of wealth inequality and its success is independent of the first approach.

We then examine what we consider the leading contemporary deductive categorical paradigm: an economic rents-based analysis with intellectual roots in Sørensen's (2000) work, widely applied in stratification (Jackson and Grusky 2018; Weeden and Grusky 2014) and particularly relevant to wealth inequality (Christophers 2021, 2020; Desmond and Wilmers 2019). While appealing due to its relational focus, purporting to identify exploiters and the exploited, this paradigm ultimately fails both conceptually and practically, as Wright (2000) also suggested, leading to unusual and unsatisfying conclusions.

4.1 Deductive Categorical Analysis

Several modern theories of inequality tend to disaggregate social differences into more fluid and in-between positions (e.g., Weeden and Grusky 2005; Monk 2022) and empirical stratification research is experiencing a trend toward more gradational analytical approaches (Barone, Hertel, and Smallenbroek 2022). Some may applaud these developments: For instance, Kenworthy (2007) suggested that one of the reasons why sociologists "missed the boat" on tracing and explaining increasing income inequality was because they were, at the time, still wedded to class analysis as a categorical analytical framework. So, perhaps the chiefly gradational orientation of sociological wealth scholarship so far has been a blessing? After all, it would be hard to argue that sociologists similarly "missed the boat" on acknowledging wealth as an important dimension of increasing inequality (see Spilerman 2000; Keister and Moller 2000).

There are compelling reasons to analyze wealth inequality not only through gradational measures but also in categorical terms. Categorical analysis provides a direct entry point into relational thinking by identifying distinct groups and characterizing their interactions. For instance, while the employer–employee relationship may be framed in terms of wage exploitation, the debtor–creditor relationship can reveal forms of economic control, dependency, or exploitation (Dwyer 2018; Seamster and Charron-Chénier 2017). Such binary, group-based frameworks offer conceptually clear tools for mapping social relations (Tilly 1998). This approach has deep roots in classical political economy—from Marx and Weber to the classical economists—and in modern class analysis (Wright 1997; Erikson and Goldthorpe 1992). It is therefore unsurprising that the most prominent categorical approaches to wealth build on class-based frameworks. Sørensen (2000) presents one of the most ambitious efforts to theorize wealth relationally through class, which we take up in the next section. More recently, Waitkus et al. (2024) demonstrate how sociological traditions of class and stratification can inform wealth research, while also highlighting the challenge of mapping structural positions in a multidimensional asset space. As we argue, wealth-specific contradictory class locations—such as a renter who owns stocks or a worker whose pension is invested in private equity—complicate efforts to reduce total wealth to a single categorical map.

Even if the workhorse of sociological class analysis – i.e., categorical analysis grounded in a strong and broad theoretical foundation that also seeks to explain the origins of inequality – falls short, we believe that a different kind of categorical analysis is possible and sociologically useful: Categorical analysis that operates with stylized facts of group disparities. One primary example of this is the 1% versus 99% framework, which has been instrumental in focusing attention on wealth concentration at the top of the distribution (see Hirschman 2021). Another prominent and successful example of inductive categorical analysis is the "racial wealth gap", which is typically not

based on a heavily elaborated theoretical paradigm yet brings structural inequalities into sharp relief.[10] Analyses of the top 1% and of the racial wealth gap are but two prominent examples of where categorical distinctions have been highly useful in analyzing wealth inequality. More broadly, they demonstrate that categorical analysis does not require rigid definitions based on external characteristics, but can instead center on the role these categories play in structuring our understanding of economic disparity.

In the absence of a cohesive theoretical paradigm (at least for now), we believe that the best categorical analysis afforded to wealth inequality research is in the stylized facts camp. Inductive categorical analysis of course tends to work best in historical and institutional contexts where the categories are almost self-evident. For instance, the distinction between slaveholders and slaves in the context of historical wealth extraction (Piketty 2020) or the division between homeowners and non-homeowners in contemporary housing markets (Adkins et al. 2020). Today, the top 1% category functions as a stylized fact—an analytical tool that condenses complicated data into a simple, yet powerful, category. The 1% category serves the function of drawing attention to the outsized influence and control that a small group wields over economic resources. Similarly, the gap between Black and White households helps frame discussions on historical and systemic wealth disparities as this categorical distinction invites explanations of differences in asset accumulation through processes such as slavery, segregation, redlining, or unequal access to credit and investment opportunities. Gendered wealth disparities—such as the "motherhood wealth penalty"—have similarly been shown to arise from relational constraints and institutional arrangements that depress women's asset accumulation relative to men (Lersch, Jacob, and Hank 2017). For instance, Lersch (2017) also finds gendered variation in the marriage wealth premium.

We also note the recursive relationship between stylized facts of group disparities and social scientific theorizing (see Hirschman 2016): Stylized facts can be established by social scientific scholarship and then serve as a reference point for public and policy debate. At the same time, public discourse and policy deliberation can shape, elevate, or even generate the analytical categories employed to describe stylized facts. The discovery of and discourse on the "top 1%" serves as a case in point: While the 1% vs. 99% framework may have become popularized as a rallying cry of the Occupy Wall Street movement, it is sometimes traced back to an earlier, correspondingly titled article written by nobel laureate Joseph Stiglitz (2011) and published in Vanity Fair. As such, the stylized fact of wealth concentration among the top 1% has been an

[10] Of course, it is important to note that categorical distinctions, such as race, are often rooted in broader theoretical paradigms. The distinction between Black and White households in wealth analysis, for example, is not simply a descriptive divide but one that is underpinned by historical and sociological theory (Oliver and Shapiro 1995). As such, the distinction we draw between deductive categorical analysis and stylized-fact indicative categorical approaches is more proximal than rigid.

indispensable tool for organizing public debate, mobilizing public action, and driving policy discussions, on the one hand, and it has also anchored scientific debate on social stratification, on the other hand.

We believe that social scientists should respond to stylized facts of categorical inequality – including when they originate from outside the realm of research or when they gain broad public traction – by affording them serious scientific attention. Concretely, this attention should consist of scientific explanation; e.g., in the case of the top 1%, answering questions such as; "through which channels are the top 1% able to amass their wealth?", "what drove the rapid increase in wealth concentration at the top?", "how does increasing wealth concentration among the top 1% shape the lives of the bottom 99%", etc. The need for scientific explanation of stylized facts of categorical inequality is crucial and the central difference to deductive categories of class analysis: Class analysis begins with social theory that seeks to explain the origins of inequality and eventually produces categories. Hence, explanations of inequality already inhabit these categories. In contrast, "stylized facts are 'looking' for explanations" (Hirschman 2016: 607). That is, inductive categories require theory to do explanatory work. In the next section, we revisit the proposal by Sørensen, in which he proposes one such explanation based on economic rents and we show why we believe that this framework is inferior to the claims-based approach we propose.

4.2 Rent-Based Analysis

The most prominent relational framework in the sociology of wealth is Sørensen's (2000) rent-based class concept. Like us, Sørensen aims to build a relational account of inequality, but he grounds it in the notion of economic rents: the excess returns to an asset above what would exist under perfect competition. Assets in this framework include both tradable (e.g., financial capital) and non-tradable (e.g., occupational licenses, union membership) forms. Exploitation, for Sørensen, arises from ownership of these rent-generating assets, reformulating Marxist concepts without the labor theory of value. In his scheme, class positions are defined by rights to such assets, with exploitation understood as the asymmetric distribution of rents.

Although Sørensen's framework has not become the dominant paradigm in sociological research on wealth inequality (see also Waitkus et al. 2024), rent-based explanations have gained influence more broadly (Bird and Grusky 2015; Stiglitz 2015; Weeden and Grusky 2014). Prominent studies of housing (Desmond 2012, 2016), financialization (Tomaskovic-Devey and Lin 2011), rentier capitalism (Christophers 2020), and innovation (Mazzucato 2018) implicitly adopt this perspective. Despite its growing relevance, we argue that a rent-based approach is limited in at least four key respects.

First, as Wright (2000) notes, the framework depends on an implausible counterfactual: the assumption of perfect markets without power asymmetries or informational frictions. Estimating what asset returns "should" be under such conditions is conceptually and empirically fraught—particularly for inherited wealth, where markets stretch across generations. Moreover, class categories vanish under Sørensen's assumptions: in a perfectly competitive world, no rents would exist, and class distinctions would dissolve (Wright 2000: 1527–28). This undermines the utility of the class concept for analyzing real-world inequality.

Second, equating exploitation with rent generation yields counterintuitive and arguably untenable implications. Because rents arise from any return above a competitive baseline, Sørensen's model classifies groups such as union members or minimum-wage earners as exploiters. As Wright (2000) argues, this would imply that collective bargaining, minimum wage laws, or even welfare programs turn low-income individuals into an exploiting class.

Third, the framework offers little traction for explaining long-run wealth concentration. Piketty's (2014) $r > g$ dynamic—that returns to capital can outpace economic growth even in competitive markets—suggests that inequality can deepen without any need to invoke rents. Yet Sørensen's theory would only consider such concentration problematic if it violated a hypothetical competitive equilibrium.

Finally, rent-based models struggle to account for systemic transformations. While they can explain how particular market structures generate temporary advantages, they offer limited insight into general equilibrium effects or institutional dynamics that sustain wealth inequality across time and space. Though useful for analyzing localized market imperfections, rents are too narrow a lens for understanding the broader structure and reproduction of wealth.

5 An Agenda for Relational Wealth Inequality Research

This section sketches a preliminary and partial agenda for advancing wealth research through a claims-based relational paradigm, focusing on three domains that we believe are particularly important in their own right—due both to necessary empirical developments and persistent gaps in the literature—and where a relational approach offers distinctive analytic insight. First, we recast asset price inflation as a redistributive process that shifts claims toward existing asset holders, challenging dominant accounting frameworks that treat appreciation as value-neutral. Second, we emphasize the foundational role of the state and take seriously calls to "bring the state back

in" (Rueschemeyer, Skocpol, and Evans 1985). In this account, the state is not merely a redistributor through taxes and transfers or a regulator that enables the "coding of capital" (Pistor 2019), but also an owner of wealth and a debtor—whose liabilities function as the assets of private parties. We view this re-centering of the state as integral to the systematic conceptualization of wealth that a fully relational framework would imply. Third, we propose the development of *relational distributional financial accounts*: a data infrastructure that tracks the ownership of assets and liabilities, links debtors to creditors, traces intergenerational transfers, and maps capital income flows from payers to payees. Rather than overhauling national accounts wholesale, we call for incremental, conceptually grounded improvements that render the relational structure of wealth empirically visible.

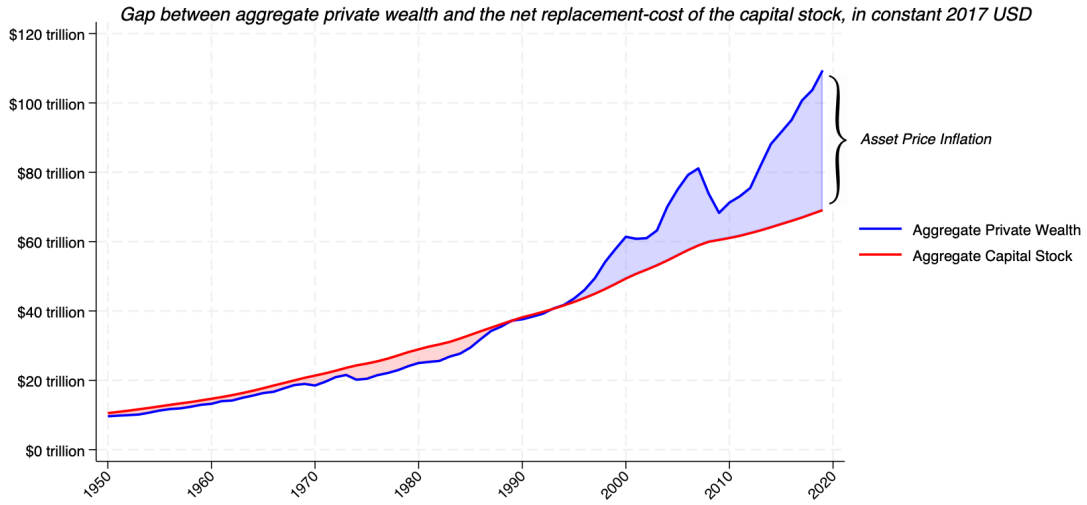
5.1 Asset Price Inflation

Relational analysis points to the inherently competitive nature of many wealth dynamics, where the enhancement of one party's claims can crowd out others. Or, to quote Brecht once again: "If I wasn't poor, you wouldn't be rich." This zero-sum dynamic is not always at play—for example, in cases where one actor's wealth accumulation is linked with a broader expansion of economic resources. However, there is strong evidence that a significant share of aggregate wealth growth in recent decades can aptly be described as zero-sum—growth driven by the process Melinda Cooper (2024) and others describe as *asset price inflation*.

What is asset price inflation? For Adkins, Cooper, and Konings (2020), asset price inflation refers to the sustained (non-bubble-like) rise in the value of assets—primarily real estate but also financial assets—outpacing both wage growth and consumer price inflation, such that the key determinant of economic advantage shifts from labor income to asset ownership. This description of recent developments in the U.S. and elsewhere aligns with the dramatic growth in the value of aggregate private wealth claims. However, for this concept to have greater analytical traction—for us to grasp its impact, dynamics, and origins—we propose refining the definition and measurement of asset price inflation.

A key step towards such a refinement is to align the concept of asset price inflation more clearly with the well-established framework for consumer price inflation. Consumer price inflation refers to the general rise in the prices of goods and services, excluding improvements in quality. For instance, if the price of a loaf of bread increases without any change in size or ingredients, that increase is counted as inflation; if the loaf also becomes larger or higher quality, price indices like the CPI adjust to exclude that portion of the change. In contrast, asset price inflation lacks any standardized metric. Assets are excluded from consumer inflation indices and GDP,

Figure 2: Cumulative U.S. Asset Price Inflation, 1950–2019



Notes: Both series are adjusted for consumer price inflation and presented in constant 2017 USD. Asset coverage is broadly aligned across the two measures, encompassing structures, equipment, and inventories. Land is excluded from the capital stock measure by definition; its value reflects that component of real estate exceeding the net replacement cost of capital.
Sources: Authors' analysis of data from the Federal Reserve, *Financial Accounts of the United States*, Table B.101.h; and Feenstra, Inklaar, and Timmer (2015) via FRED, series `RKNANPUSA666NRUG`.

rendering their price-driven growth largely invisible in national accounts. By comparing the market value of private wealth to the capital stock – roughly, the aggregate of accumulated net investments and the replacement cost, net of depreciation, of all assets owned by households – adjusted for *consumer price inflation*, we provide a rough and provisional measure of cumulative asset price inflation;[11] just as consumer inflation measures the rising cost of goods adjusted for quality, this approach helps isolate the portion of wealth growth attributable not to new investment, but to "pure price effects," i.e. *asset price inflation*.[12]

Figure 2 plots the two aggregates from 1950 to 2019, and provides a simple but revealing measure of cumulative "pure price effects." Throughout most of the post-war period these two aggregates were nearly identical – to such an extent that their differences could reasonably be assumed to be measurement error. However, coinciding

[11] While there are multiple ways to measure capital stock—and the literature here is less developed than for GDP—this quasi-replacement-cost approach offers a conceptually intuitive benchmark for assessing cumulative asset price inflation, which future research concerned with asset price inflation should refine.

[12] Asset price inflation refers to the increase in an asset's market value relative to its CPI-adjusted net replacement cost; conversely, asset price *deflation* refers to a decline in market value relative to net replacement cost. *Cumulative asset price inflation* captures the extent to which market values have exceeded net replacement costs over time.

with the sudden increase in median home prices in the U.S.[13] and in line with the growing importance of capital gains around the mid-1990s (Piketty, Saez, and Zucamn 2018), these two aggregates began to diverge. Consistent with Adkins, Konings, and Cooper's (2020) description of asset price inflation, this gap has grown secularly rather than cyclically, indicating a structural transformation rather than merely a transient speculative bubble. This estimate implies that the cumulative impact of asset price inflation over the past several decades may account for as much as one-third of aggregate household wealth; that is, by 2019, household net worth exceeded the capital stock by nearly $40 trillion, while total private wealth stood at approximately $110 trillion.

While this approximation should be taken as suggestive—particularly given that part of the divergence may reflect under-measured intangible assets in an economy increasingly organized around knowledge and data—the potential scale of asset price inflation and its role in shaping the contemporary wealth distribution is significant. Its magnitude, however, should not be surprising: it aligns with a broader trend in which capital gains—pure price increases excluded from GDP measures since they are not considered the accretion of goods and service, but only increase in prices of goods already produced—have become a primary engine of wealth accumulation. Drawing on IRS administrative data, Robbins (2018) and Campbell, Robbins, and Wylde (2025) show that capital gains make up a growing share of top incomes and, because they are typically saved and reinvested, play a key role in further asset accumulation. These are claims that expand independently of productive output – i.e., orthogonally to the size of economic resources. The cumulative scale of asset price inflation thus reflects a rise in *claims*, not in goods—a dynamic that can also reasonably be described as zero-sum.

We view asset price inflation as a frontier issue in wealth research, not least because of its distributional implications. Much of the existing literature that touches on this phenomena has focused on real estate, often through institutionally and historically grounded approaches that are broadly relational in orientation (e.g., LaBriola 2023; Pfeffer and Waitkus 2021). While it is clear that real estate in the U.S. (and elsewhere) has experienced a secular rise in value since the 1990s—almost entirely attributable to rising land costs rather than construction costs, i.e., to asset price inflation (see Rognlie 2016)—the phenomenon of asset price inflation is not confined to housing. In addition to improving the measurement and conceptualization of asset price inflation—a task that may require a systematic social ontology like the one proposed here—future research should extend the analysis beyond real estate to financial

[13] From the beginning of the postwar period through the mid-1990s, real median U.S. house prices remained relatively stable, followed by a period of sustained growth thereafter—interrupted only briefly by the Financial Crisis. For data, see Shiller (2000) and the FRED S&P CoreLogic Case-Shiller U.S. National Home Price Index.

assets; and, further, attention should turn to empirically estimating how institutional and policy mechanisms—such as tax preferences for capital income, expansionary monetary policy, mortgage Keynesianism (à la Prasad 2012), and individualized, financialized pension systems—have sustained long-run asset price growth.

We emphasize asset price inflation in a chapter chiefly concerned with a claims-based relational framework, for a straightforward reason: asset price inflation reflects the growth of pure claims—claims unmoored from production and not driven by improvements in the underlying asset itself. Analytical attention must therefore shift to forces external to the assets themselves—above all, the role of the state. This leads to a core implication of the relational approach: the necessity of bringing in the state.

5.2 Public Wealth: Bringing in the State

What counts as wealth—and whose wealth counts—depends not only on what is owned, but on how ownership is recognized and recorded. Prevailing frameworks often equate wealth with privately held assets, leaving the state's role implicit or bracketed. Yet the state is not merely a background condition or an exogenous force acting on the distribution of wealth; it is a direct participant in the accumulation and circulation of economic claims. Bringing the state back into the analysis of wealth, then, requires more than attending to its policies or effects—it demands confronting the state's own assets and liabilities as integral components of the wealth structure itself.

Recent sociological work has begun to re-center the state in the analysis of wealth. Studies of racial wealth inequality show how postwar policies advantaged white families and deepened systemic racism (e.g., LaBriola, Agbai, and Neumann 2025). Others, like Cooper (2024), highlight the role of monetary and tax policy, while comparative analyses (e.g., Pfeffer and Waitkus 2021) seek to trace how institutional arrangements shape wealth distributions across countries. Research on defined contribution pensions (McCarthy 2017; Rhodes forthcoming) likewise demonstrates how the state—and the strength of unions, which is inextricably tied to the state—structures private wealth. Our approach is distinct but complementary: we argue that the state's own assets and liabilities must be integrated into the conceptualization of wealth, inequality, and wealth dynamics.[14]

[14] Pensions and "augmented wealth" are a central and unresolved issue in wealth measurement, but it is not an issue we address directly here. What is included or excluded from wealth—particularly with regard to retirement assets like Social Security and DB pensions—has profound implications for estimated levels and distributions of wealth. A claims-based relational framework highlights why this issue cannot be bracketed: such assets are paradigmatic examples of legally and institutionally mediated claims. We refer readers to Manduca's (2025) analysis of augmented wealth, the most

A relational analysis of wealth calls for fully integrating the government's balance sheet into the study of wealth inequality and dynamics. As defined above, assets held by individuals and those held by collective social units—households, trusts, corporations, communities, or states—are analytically equivalent. Excluding the assets and liabilities of certain units, particularly the state, renders any analysis partial, with far-reaching consequences. State-owned assets and liabilities typically do not appear on household balance sheets and are thus excluded from standard wealth measures, despite shaping the distribution of economic claims. For example, between 2005 and 2020, for example, the number of state-owned enterprises (SOEs) on the Fortune Global 500 more than doubled, and their share of total assets more than tripled—driven primarily by the rise of Chinese SOEs (Kwiatkowski et al. 2023). Furthermore, the ability to recognize and study the ownership of assets by social units above the individual is particularly important for maintaining analytically meaningful wealth concepts beyond idealized Western capitalist contexts, e.g., by enabling the recognition and measurement the ownership rights of indigenous communities and other communitarian forms of ownership.

Public versus private ownership is not a mere legal formality but a key axis of distribution. When a steel mill is privatized, it reappears on private balance sheets, typically high up the wealth distribution; if nationalized, it disappears. Measured inequality can shift dramatically depending on whether capital is coded as public or private. Countries with large public sectors may thus appear more unequal than they are, as more wealth lies outside private hands. This distortion is amplified by valuation practices: public assets are typically recorded at book value, while private assets use market value. For instance, the price-to-book (P/B) ratio of the S&P 500 was 4.65 as of April 2025 (Bloomberg), suggesting that SOEs—especially those not publicly traded—are systematically undervalued even in rare datasets that include them, such as the WID. Omitting public assets, then, distorts not only distributional measures but also our understanding of the social architecture of wealth. While valuing public assets is inherently difficult—especially when they are not traded in markets—excluding them altogether is not a neutral act. It is a methodological decision with conceptual consequences. As researchers, we should not confuse what is measurable with what is meaningful. A relational understanding of wealth must treat public wealth not as a residual or omitted category, but as a core structural element in the organization, contestation, and transformation of economic claims.

The exclusion of public wealth is particularly consequential for comparative and historical analyses of wealth inequality. For regimes where public wealth has increased and diminished in importance over time, efforts at assessing, narrativizing, and conceptualizing wealth dynamics are hamstrung, not least because public wealth remains both under-theorized and poorly measured. While notable attempts have

conceptually consistent and generative contribution to date.

been made—especially by the World Inequality Lab and in Piketty's work (2014; 2020)—most research continues to focus narrowly on private wealth. As a result, we lack a clear understanding of how public wealth has evolved and how it interacts with private wealth to shape broader patterns of inequality. To illustrate the stakes and complexities involved, consider the case of the United Kingdom's postwar experience.

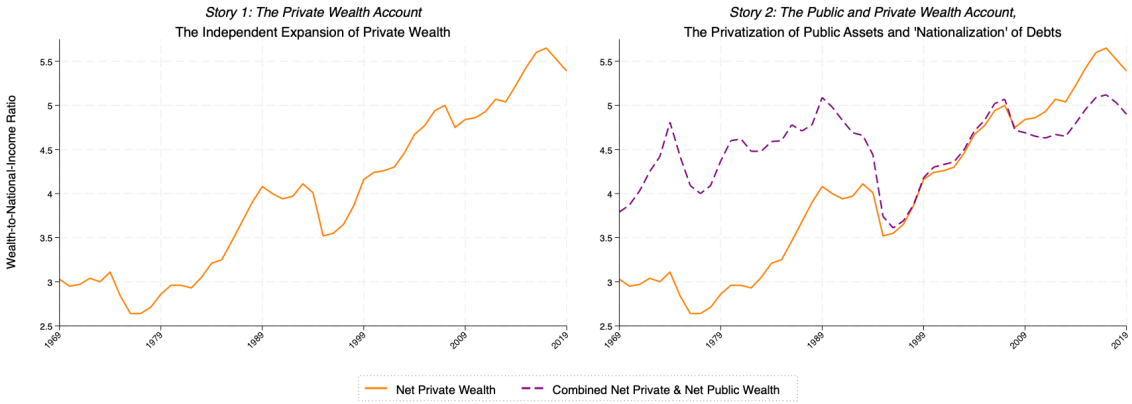
In the first half of the postwar period, the UK's Labour Party explicitly sought to nationalize key industries—the so-called "commanding heights" of the British economy. As steel mills, coal mines, and transportation infrastructure were progressively brought under public ownership, significant portions of the country's productive resources shifted from private to public hands. This represented a large-scale transfer of wealth. Following nationalization, a substantial share of the country's gross value added came from publicly held corporations. By the late 1970s and early 1980s, at the height of nationalization, it becomes exceedingly difficult to meaningfully conceptualize the distribution of wealth without accounting for aggregate public wealth. At that time, net state-owned wealth stood at roughly one-third the size of net private wealth—even when public assets are valued at their book value and the value of public liabilities are fully accounted for.

Using WID data for the UK, the left panel of Figure 3, *Story 1: The Private Wealth Account*, shows that private wealth rose dramatically relative to national income over the second half of the 20th century. This figure suggests a clear and compelling narrative about British political economy: over this 60-year period, the UK saw a sharp rise in private wealth and the growing dominance of private wealth. However, the right panel, *Story 2: The Public and Private Wealth Account*, which incorporates both state assets and liabilities, tells a different story—subtly distinct but conceptually significant.[15] Total wealth has not radically increased; rather, relative to national income, aggregate net wealth has remained relatively constant. According to this account, the rise in private wealth observed in the left panel reflects the privatization of public assets and the "nationalization" of public liabilities—recast as private assets on household balance sheets—aligning with Streeck's (2014) notion of the rise of "debt states." Once the state's balance sheet is included, it becomes evident that the total volume of claims on economic resources has remained roughly stable in the U.K. over much of the post-war period; what has changed is their distribution. The state's share of total claims has declined sharply, while private claims have grown accordingly.

Central to this latter narrative, *Story 2*, is the inclusion of both the state's assets and its *liabilities*. Debt is inherently relational—one party's liability is another's asset (Dwyer 2018)—yet when it comes to public debt and state-provided loans, this dynamic is often obscured in national accounts and household wealth statistics.

[15] See Christophers (2018) for an adjacent account.

Figure 3: U.K. Wealth-to-Income Ratios: Private vs. Private + Public, 1969–2019



Notes: If public assets were valued more comparably to private assets, the combined public and private trend line would likely appear even flatter. The valuation of public wealth is downwardly biased, since assets are recorded at book value while liabilities are not. The pronounced dip in the late 1980s and early 1990s coincides with major privatizations under Thatcher and Major, a recession, and the initial undervaluation of newly privatized assets.
Source: Authors' analysis of data from the World Inequality Database (WID.world)

Government bonds held by households appear as private assets, but the corresponding public liabilities are omitted. Similarly, student loans and other state-issued loans are recorded as household liabilities, while the government's corresponding assets are excluded from canonical wealth measures and from analyses that rely on them.

As Mian, Straub, and Sufi (2020) argue, the exclusion of public liabilities from household wealth measures is not a neutral omission. Although government debt is ultimately financed by taxpayers, it is not treated as a household liability in national accounts. The corresponding assets, however—government bonds—are treated as household assets and are overwhelmingly held by the top 1%, while the interest payments are funded by tax revenues drawn from a much broader base. This creates a regressive intertemporal transfer: the general population underwrites steady income streams that disproportionately benefit the wealthiest households. Mian et al. show that this dynamic has been a major driver of wealth accumulation among the top 1%, revealing how public liabilities, when paired with concentrated ownership of public debt, reinforce wealth concentration—a story similarly at play when incorporating the state's balance sheet into the U.K.'s wealth dynamics.

These asymmetries—between who holds assets and who bears liabilities—underscore the need for a fully relational measure of wealth and motivate our third and final research recommendation: the development of *relational distributional financial accounts*—a data infrastructure that traces not only the ownership of assets and debts, but also the relations that connect them, such as how inheritances flow across generations and how capital income flows—like rent, interest, and dividends—move from payers to payees. Such accounts would make visible who ultimately benefits and who

bears the cost within the wealth system.

5.3 Relational Financial Accounts

To advance the study of wealth inequality, future research must move beyond static ownership and toward tracing the underlying financial relations that structure wealth accumulation. We propose a new frontier: the development of *relational distributional financial accounts*—a data infrastructure capable of capturing not only who owns which assets and owes which liabilities, but also how economic claims flow across actors and institutions. This is an effort that would build on prior initiatives to triangulate survey data (Batty et al. 2019) and tax data (Saez and Zucman 2016, 2020; Smith, Zidar, and Zwick 2021, 2023; WAM) with the Financial Accounts aggregates to construct distributional financial accounts. Extending this infrastructure to incorporate relational linkages would enable a deeper understanding of the social organization of wealth. These accounts would illuminate the connections that shape wealth: who receives capital income (such as rent, dividends, and interest), who holds the corresponding debt, and how assets are passed across generations through inheritance.

A central question animating this approach is: *Who pays, and who benefits?* Capital income always flows from a payer to a payee—tenants to landlords, debtors to bondholders, public to private creditors. A relational framework foregrounds these linkages. It treats wealth not as an isolated stock, but as a network of claims embedded in structured flows. Understanding these dynamics requires not just better measurement, but new forms of data infrastructure. Here, the work of Mian, Straub, and Sufi (2020) stands as a paramount example. Using macro-financial data, they show that a large share of wealth accumulation among the top 1% since the 1980s has been driven by claims on household and government debt. Their analysis exemplifies how relational accounting reveals asymmetric financial dependencies that are obscured in conventional wealth statistics.

The U.S. Federal Reserve's "From-Whom-to-Whom" (FWTW) initiative is an important step in this direction. It tracks capital flows between sectors, identifying who provides funding and who receives it. This infrastructure could be extended to the asset level using techniques currently employed in income capitalization methods for wealth estimation (e.g., Saez and Zucman 2016, 2020; Smith, Zidar, and Zwick 2021, 2023). Ideally, this would involve administrative, population-wide data linked across time and generations. Such an extension would make it possible to track intergenerational wealth transfers as well as the flow of capital income between social units.

Another relevant relational data infrastructure effort is the ORBIS database held (and sold at a substantial price) by Moody's. It contains information on more than 550 million public and private companies in over 90 countries. Importantly, it also includes an ownership database that establishes ownership relationships and allows the tracing of long and complex ownership chains even across national borders (e.g., Miethe et al. 2025). While these data present a variety of challenges for scientific research (see Arndt 2023), not least due to their private and commercial nature, they serve as an example for a relational approach to wealth measurement.

Relational distributional financial accounts would transform our understanding of wealth. They would enable researchers to map not just the static distribution of holdings but the dynamic structure of economic claims: who gains, who pays, and through what institutional mechanisms. In doing so, they would make visible the hidden architecture of wealth concentration and open new possibilities for empirically grounded analysis of inequality.

6 Conclusion

The Brecht quote at the beginning of this chapter—"If I wasn't poor, you wouldn't be rich"—captures the shift in perspective we propose: wealth inequality is not merely a disparity in material holdings but a relational dynamic with inherent distributional consequences. We are not the first to call for a relational turn, nor should such a call be controversial among sociologists. Relational perspectives are nearly canonical within the discipline. Yet the two "off-the-shelf" frameworks most relevant to wealth inequality—deductive class analysis and rent-based accounts—while valuable, fall short of capturing the full complexity and specificity of wealth.

Our central argument is that future progress in the study of wealth inequality requires a stronger theoretical foundation. At the same time, empirical advances—especially in the past decade—have been considerable, driven by improved wealth measurement. We are optimistic that continued expansion of the wealth data infrastructure, through efforts like the World Inequality Database, the Luxembourg Wealth Study, and the Wealth and Mobility Study, will yield further insights. Importantly, the relational framework we propose does not require a complete overhaul of data systems. It offers a conceptual orientation that researchers can begin to adopt now—even if not in full form.

In his foundational 1997 essay, Emirbayer emphasized the ontological focus of relational sociology, largely setting aside epistemological concerns. Likewise, this chapter develops a relational ontology of wealth, which may lead applied researchers to ask:

"But how do I use this in my own work?" We begin by arguing that researchers must treat the state not only as an enabler but as a direct creator of wealth. Katharina Pistor has shown how the state supplies the legal infrastructure for asset creation; we extend this by emphasizing public wealth generated by state enterprises, public institutions, and infrastructure. Public wealth and debt—often sidelined in stratification research—must be analyzed alongside private wealth and debt to reveal their interdependence and the dynamics obscured when considered in isolation. This relational claims-based paradigm is especially vital in an era of sustained asset price inflation, where rising valuations reflect the accumulation of claims increasingly disconnected from productive capital. To make these dynamics visible, we call for the development of *relational distributional financial accounts*—a data infrastructure capable of tracing how wealth is linked across actors, generations, and institutional arrangements. Although our examples focus primarily on the U.S., reflecting both the literature's focus and the country's extreme wealth concentration, our approach provides a foundation for comparative and historical analysis—especially in contexts where public wealth plays a larger role.

Research on wealth stratification must also engage more deeply with adjacent subfields. Economic sociology shows how markets are embedded in social relations; historical institutionalism traces how policies and institutions shape long-term dynamics; political economy exposes the power structures behind accumulation; and the sociology of taxation reveals how fiscal systems redistribute or entrench wealth. Drawing on these traditions can help build richer theoretical frameworks and more innovative empirical strategies. By moving beyond static measures of disparity, applied wealth research can better illuminate the systemic processes that generate and sustain inequality. Understanding wealth as a relational construct not only reframes its definition—it demands an integrated, interdisciplinary approach to its creation, distribution, and reproduction.

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