

Wealth Accumulation in WW2-Paris*

Pierre Brassac[†]

Version: 2nd of March 2026

[PRELIMINARY DRAFT – PLEASE DO NOT CITE NOR CIRCULATE]

Abstract

What are the impacts of wars on inequality? In WW2–France, wealth concentration progressively declined but top 1% income share was almost halved. But what exactly happened?

To shed new light on that question, I build a novel microdataset made of a sample of Parisian household tax returns to the *Impôt de Solidarité nationale* (‘National Solidarity Levy’), a capital levy on both wealth in France as of June 1945 and wealth accumulation through the war.

I find that: (i) first, after the initial shock in 1939 / 1940 due to WW2 outbreak, p80–99 of the Parisian wealth distribution experienced (higher) nominal income growth while top 1% almost stagnated in nominal terms which explains the rapid fall in income inequality. (ii) Second, I argue that households experiencing (higher) nominal income growth had a relatively higher saving rate, which is confirmed by a quantile regression approach. (iii) Third, I rationalise my findings on differential saving rates with wealth inequality data for Paris through a wealth accumulation model to hypothesise that p80–99 incomes translated into savings mostly channeled towards fixed–income assets which suffered heavy capital losses while top 1% saved relatively less but had access to rights issues and could benefit from capital gains (or lower losses) on diversified portfolios oriented towards equity & foreign assets, which could explain why wealth inequality only progressively declined (and even remained constant in Paris).

Finally, besides providing new insights into the economic and social history of WW2 in Paris and France, the project also aims to bring back to fashion the study of post-war capital levies, an under-studied topic of high relevance at a time when (one-off) wealth taxes are back in the public debate.

*That project corresponds to the fourth chapter of my ongoing doctoral dissertation dealing with the *Impôt de Solidarité nationale* (1945-French ‘National Solidarity Levy’) that I currently write under the supervision of [Miguel Artola Blanco](#).

[†]Universidad Carlos III de Madrid – World Inequality Lab, pbrassac@pa.uc3m.es.

1 Introduction

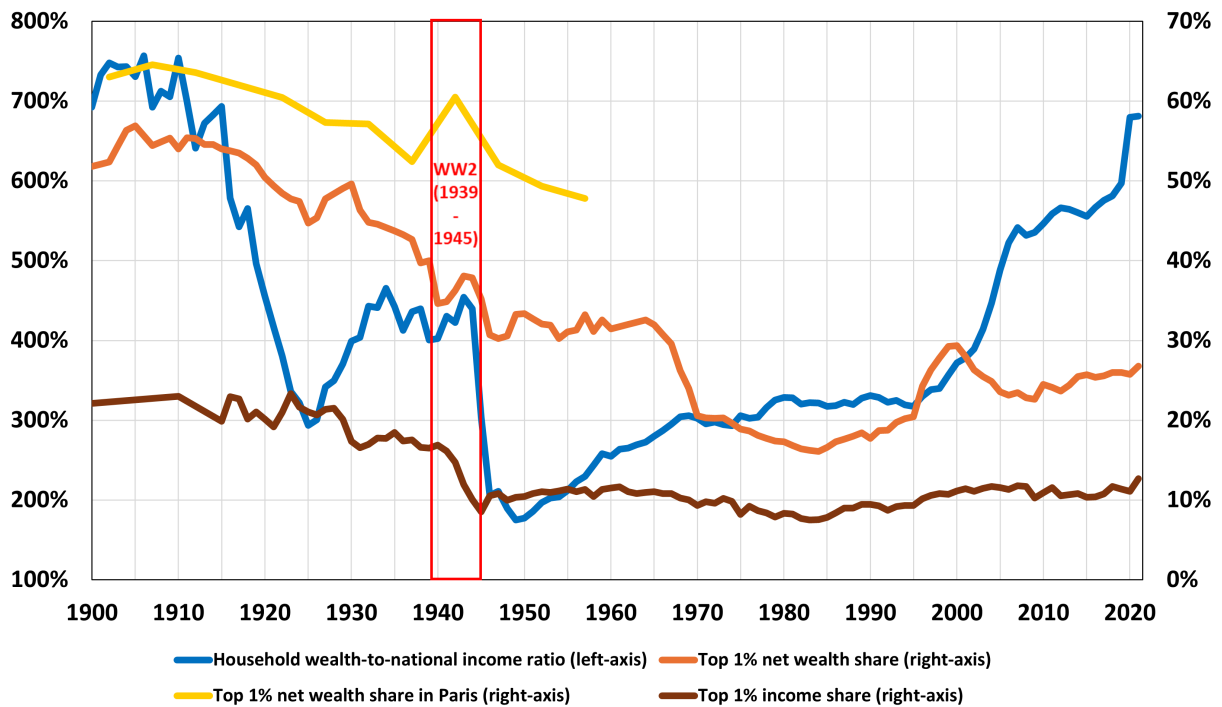
What are the impacts of wars on inequality?¹ World Wars are deemed as great inequality levellers (cf. [Piketty, 2014](#); [Scheidel, 2017](#)). In France, the period around the Second World War (WW2) was marked by important shocks to capital, impacting both its volume and value (cf. [Divisia et al., 1956](#), pp. 69–77). Some of them disproportionately affected top income-earners & wealth-holders: rising (income) taxation (particularly of childless households), capped dividends (in France and abroad), foreign asset losses, post-war nationalisations, the 1946-1947 *réquisition des valeurs étrangères* (foreign asset requisition) and a stricter legislation on rented out real estate including rent controls. Other shocks more broadly impacted income & wealth like inflation or war-related physical asset destruction.

Consequently, the household wealth-to-national income ratio (W/Y) collapsed and the top 1% income share was almost halved but wealth concentration only pursued its progressive decline initiated with the First World War (WW1) (cf. [Piketty and Zucman, 2014a](#); [Garbinti et al., 2021](#)). Moreover, wealth inequality even barely changed in Paris between 1937 and 1947, cf. [Piketty et al. \(2018\)](#) and Figure 1.

Making use of [wid.world](#) data, [Scheidel \(2017, Chapter 5, Tables 5.1 and 5.2\)](#) shows that France is – together with Japan & Canada – one of the countries that experienced the biggest drop in income inequality during WW2 (measured by top 1% income share; which stood at about 16.5% in 1938-1940 before dropping to 10% after WW2; in comparison with countries for which data exist). In turn, WW2 marks the period with the biggest drop in income inequality in 20th century France (much more than WW1, which was rather marked by the collapse of wealth). In the meantime, next 9% is almost constant over the same period.

But what exactly happened? [Piketty \(2001, 2014, 2021\)](#) and [Piketty et al. \(2006, 2014, 2018\)](#) have developed a narrative in which the role played by progressive (income & inheritance) taxation dominates (after negative wealth shocks occurred) but they have increasingly stressed the

¹Note that the focus of the paper is only on the impact of wartime shocks on income & wealth inequality. For an investigation on the opposite relationship in the case of the First World War (WW1), cf. [Hauner et al. \(2020\)](#).



Sources: [Garbinti et al. \(2021\)](#), [wid.world](#) and [Piketty et al. \(2018\)](#).

Figure 1: Household Wealth-to-National Income Ratio (W/Y) and Top 1% Wealth & Income Shares in France (1900–2021)

importance of the rise of the Welfare State and wages over capital income in the path to greater equality². Focusing on Paris, [Postel-Vinay and Rosenthal \(2026\)](#) further show that W/Y (or real average wealth) *versus* wealth inequality are only indirectly related and different forces shape inequality dynamics at the very-top, the top and the bottom.

However, these longer-run explanations encompass at least the whole period 1914–1945 and do not fully account nor explain what happened precisely through WW2 years.

Research Question. The present project aims at deepening our understanding of what happened to the joint dynamics of income & wealth inequality through WW2 in France. To do so, I build a

²Their argument is that negative wealth shocks alone cannot fully explain the fall in inequality: progressive taxation of income & inheritance prevented the (quick) reconstitution of massive fortunes after these shocks. [Piketty \(2014, 2021\)](#) also respectively stresses the roles of depressed returns and losses on foreign / colonial assets.

novel microdataset made of a sample of Parisian household tax returns to the *Impôt de Solidarité nationale* ('National Solidarity Levy'), a capital levy on wealth in France as of June 1945 and wealth accumulation through the war.

Contributions. My contribution is twofold. The first one consists of a data contribution, with the construction of a microdataset made of a sample of Parisian household tax returns. It constitutes a valuable empirical contribution for two reasons: the microdataset contains information on the wealth of the living population in 1945 together with yearly income data from 1940 to 1944 (while existing studies like those of [Piketty et al., 2006, 2014, 2018](#) refer to wealth at death and do not have income data although they are able to cover a longer time frame). The second contribution relates to the historiography of wealth taxation and capital levies, by documenting the *Impôt de Solidarité nationale* (1945-French 'National Solidarity Levy'), which is a little-known and under-researched source (except for the ongoing work of [Rabault-Mazières, 2020, 2023](#) and [O'Donovan, 2021](#)).

Findings Summary. My findings are threefold. First, after the initial shock in 1939/1940 due to WW2 outbreak, p80–99 of the Parisian wealth distribution experienced (higher) nominal income growth while top 1% almost stagnated in nominal terms which explains the rapid fall in income inequality. Second, I argue that households experiencing (higher) nominal income growth had a relatively higher saving rate, which is confirmed by a quantile regression approach. Third, I rationalise my findings on differential saving rates with wealth inequality data from [Piketty et al. \(2006, 2014, 2018\)](#); [Garbinti et al. \(2021\)](#) through a wealth accumulation model to hypothesise that p80–99 incomes translated into savings mostly channeled towards fixed-income assets which suffered heavy capital losses while top 1% saved relatively less but had access to rights issues and could benefit from capital gains (or lower losses) on diversified portfolios oriented towards equity & foreign assets, which could explain why wealth inequality only progressively declined (and even remained constant in Paris).

Related Literature. By its subject and source, the present project relates to several strands of the literature, so only the main ones are mentioned here³. The first one is the literature on long-run French income & wealth inequality in Paris, cf. [Piketty et al. \(2006, 2014, 2018\)](#); [Postel-Vinay and Rosenthal \(2026\)](#) and France, cf. [Daumard \(1973\)](#); [Piketty \(2001\)](#); [Bourdieu et al. \(2003, 2014\)](#); [Garbinti et al. \(2021\)](#). The second strand deals with the economic & social history of WW2-France. Amongst that vast literature, it perhaps more closely connects to the work edited by [Bergère \(2008\)](#) on economic purges, [Mouré \(2023\)](#) on black markets or [Teixeira \(2025\)](#) on the political use of inflation in WW2–France. ‘National Solidarity Levy’ tax returns also provide additional information on questions such as the *spoliation des Juifs* (spoliation of Jews) and are therefore notably used by the *Commission pour l’indemnisation des victimes de spoliations intervenues du fait des législations antisémites en vigueur pendant l’Occupation (CIVS)* (Commission for the Compensation of Victims of Spoliation) in its work aiming at returning the property of antisemitic spoliation victims, but also on the *confiscation des profits illicites* (illicit profits confiscation, cf. [Mouré and Grenard, 2008](#)). Finally, it also relates to the works on wealth taxation and post-World Wars levies: cf. [Hicks et al. \(1941\)](#); [Eichengreen \(1989\)](#); [Hautcoeur and Gro-tard \(2005\)](#); [Zannis \(2017\)](#); [Wroński \(2023\)](#); [Kedrzyński \(2023\)](#) about WW1 and [Robson \(1959\)](#); [Hughes \(1999\)](#); [Rabault-Mazières \(2020, 2023\)](#); [O’Donovan \(2021\)](#) for WW2.

The rest of the paper is organised as follows: Section 2 presents the tax from which the data are derived. Section 3 clarifies certain methodological aspects necessary to exploit said data. Section 4 presents the key results pertaining to income inequality, saving and wealth inequality. Section 5 discusses the potential relevance of these results for the study of inequality in other countries.

³For instance, it also bears relevance and draws inputs from scholarship in historical household finance (household investment / saving decisions & opportunities in the very particular context of WW2) or business history, as exemplified with the insights taken from [Plessis \(2002\)](#); [Margairaz \(2002\)](#). Works dealing with asset-specific markets are also essential, as one goal of the project is to bridge the inequality and asset-specific literatures (e.g. [Hautcoeur and Le Bris, 2010](#); [Le Bris, 2012](#) on financial markets or [Oosterlinck, 2017](#) on the art market).

2 Data Source

2.1 The 1945–*Impôt de Solidarité nationale* (‘National Solidarity Levy’)

Thorougher presentation and discussion of the *Impôt de Solidarité nationale* (‘National Solidarity Levy’) are made in Brassac (2026a,b) – the latter putting it in a comparative European perspective. In the same manner, Artola Blanco and Brassac (2026) presents in greater details the WW2 historical background after which the 1945–‘National Solidarity Levy’ is introduced. Therefore, only key WW2 events and the main features of the tax relevant for the analysis are presented here.

The *Impôt de Solidarité nationale* (‘National Solidarity Levy’) was a one-off wealth tax levied on the value of wealth as of the 4th of June 1945⁴ and enrichment made through WW2. It was a promise of the *Conseil National de la Résistance* (‘National Council of the Resistance’) in its March 1944 programme which was implemented in August 1945 (*Ordonnance n°45-1820 du 15 août 1945 instituant un impôt de solidarité nationale*). It had two explicit goals: providing the State with tax revenues and taxing all enrichments made throughout WW2.

The ‘National Solidarity Levy’ was collected by the *Administration de l’Enregistrement, des Domaines et du Timbre* already responsible for the inheritance tax. As such, the same wealth definition and valuation rules applied, which led many observers of the time to refer to a ‘fiscal death’ to describe how taxpayers were to fill in their tax returns, cf. Rabault-Mazières (2020). Wealth was hence defined as the sum of real estate, movable assets (furniture), business assets, gold, foreign currencies, securities (French and foreign) minus mortgages, commercial debts and excluding life annuity rents and foreign real estate. Tax returns had to be originally completed and sent back to the *Administration de l’Enregistrement* by the 18th of February 1946 but the deadline was postponed to the 15th of April to account for difficulties some households had to fill in the tax returns (cf. Rabault-Mazières, 2020).

As a levy, it could also count on the (failed) experiences of the 1916 *Contribution extraor-*

⁴Which corresponds to the date of the banknotes exchange operation.

dinaire sur les bénéfices de guerre (‘Extraordinary contribution on war profits’, cf. Zannis, 2017) and the recent ones of confiscating ‘illicit profits’, first in Corsica and second at the national level in 1944 (cf. Mouré and Grenard, 2008 and Mouré, 2023, Chapter 9). It is however worth stressing that the post-WW1 Czechoslovak served as an example for the drafting and discussing the tax proposal as recollected in parliamentary debates – so did the Belgian capital levy too, introduced shortly before the French one. In June 1947, a 25% *majoration* (tax increase) was implemented in the form of a 5th instalment⁵ – but besides for that, the levy was truly one-off.

The capital levy applied to natural & legal persons⁶. For households, the capital levy was made of two parts⁷: first, a *prélèvement sur le patrimoine* (wealth levy), taxing single individuals with wealth > 200,000 F and married couples with wealth > 400,000 F. Second, a *contribution sur l’enrichissement* (enrichment levy) on wealth accumulated during WW2: > 50,000 F for single individuals and > 100,000 F for married couples (with a top marginal tax rate set at 100%). Tax rates are shown in Table 1.

<i>Prélèvement sur le patrimoine</i> (wealth levy)		<i>Contribution sur l’enrichissement</i> (enrichment levy)	
Threshold (F)	Rate	Threshold (F)	Rate
200,000	3%	50,000	5%
500,000	4%	150,000	10%
2,000,000	5%	300,000	20%
5,000,000	7.5%	500,000	25%
10,000,000	10%	1,000,000	40%
25,000,000	12.5%	2,000,000	60%
75,000,000	15%	3,000,000	80%
150,000,000	17.5%	5,000,000	100%
300,000,000	20%		

Table 1: ‘National Solidarity Levy’ Tax Rates

⁵As an attempt to tackle the impact of inflation on deferred payments, cf. Robson (1959), p. 34, footnote 2.

⁶The main legal persons targeted by the *Impôt de Solidarité nationale* were the *sociétés par actions ayant leur siège en France* (French joint-stock companies), liable at a 5% flat rate if their share capitals were > 5 million F. Foreign corporations were only liable for their assets in France if said assets were > 400,000 F also at a 5% flat rate.

⁷Interestingly enough, parliamentary debates showed a broad consensus when it came to the heavy taxation of enrichment, which was not the case for the wealth levy.

Fiscal households were taxed regardless of their citizenships. What mattered was whether the assets that they owned were in France (colonies excluded). All assets were liable, except for life annuity rents and tangible assets held abroad (like real estate for instance, consistent with the existing inheritance tax). Net wealth was, in theory, assessed at its market value except for certain asset categories (agricultural properties, due to speculative movements on farmlands shortly before and during the war; or furniture, priced at insured-value). Several allowances prevailed, in particular for disabled veterans, old taxpayers or according to the number of children.

An important feature of the tax was its focus on enrichment during the war, rather than the pure assessment of wealth in 1940 and 1945 at their respective market values. It means for instance that assets held in 1940 were valued at their current market prices as of the 4th of June 1945. Similarly, inheritances & donations, as they refer to wealth existing before 1940 but being transferred during the war, are also counted as wealth in 1940. To that end, taxpayers were also required to report their yearly net income declared to the *Impôt général sur le revenu* ('General income tax') from 1940 to 1944 – and, as discussed in subsection 3.5, sometimes even for years 1938 or 1939.

In terms of payment, the two levies were payable in four instalments. One per year from 1946 until 1949 for the wealth levy, by late February 1947 for the enrichment levy. Additional rules applied for old taxpayers with little wealth or taxpayers with a share of cash-equivalent assets above 10% of their net wealth.

Key figures stressing the scope of the 'National Solidarity Levy' are summarised in Table 2. Asset valuation is discussed in subsection 2.3 and controls in subsection 2.4.

	France	Paris
Tax returns	2,383,336	223,279
Tax returns (% of fiscal households)	15%	20%
Taxable wealth (in billion old francs)	2,531	456
Taxable wealth (% private wealth in June 1945)	80%	
Share of 'National Solidarity Levy' in government tax revenues in 1946	12.4%	

Note: Numbers of tax returns and amounts of taxable wealth are as of 25.06.1949.

Sources: Own computations following *Statistiques & Études financières n°10 Octobre 1949*, [Le Douarec \(1957\)](#); [Piketty \(2001\)](#); [Piketty and Zucman \(2014a\)](#).

Table 2: 'National Solidarity Levy' Key Figures

	Wealth Levy	Enrichment levy	Majoration ('Increase')	Total	Share of National Income
1946	37,973	10,848		48,925	2.1%
1947	25,928	4,796		31,367	0.9%
1948	5,526	2,133	8,382	17,092	0.3%
1949	4,375	1,873	1,742	8,757	0.1%
1950	1,538	563	693	3,098	0.0%
1951	697	319	365	1,554	0.0%
1952				1,170	0.0%
1953				801	0.0%
1954				878	0.0%
1955				879	0.0%
1956				795	0.0%
Total	76,036	20,532	11,182	115,317	

Table 3: 'National Solidarity Levy' Tax Revenues (in Million Old Current Francs)

2.2 Available Information

Tax returns contain data on sociodemographic variables (name, gender, age, birthplace, marital status, number of children), wealth in 1945 (with detailed lists of assets and liabilities), income in 1940-1944 (pre- and post-tax) and wealth accumulation/dissipation in 1940-1944 (inheritances & donations and net acquisition / loss of assets). Details about income computations are given in subsection 3.3.

Tax returns also contain information on household-level tax liability. Results pertaining to that matter are shown in Brassac (2026a) in which the failure / success of the tax is discussed.

2.3 Asset Valuation

As explained above, the valuation of assets and debts for the ‘National Solidarity Levy’ followed the same rules as the ones in force for the inheritance tax. That means:

- *pensions & rentes viagères* (pensions & life annuity rents): tax-exempted;
- *créances d’indemnités de dommages de guerre* (war-damage claims): tax-exempted;
- life insurance: own estimation (*déclaration estimative*) with minimum threshold given by the tax authorities;
- claims: nominal value;
- listed securities: listed value as of the 4th of June 1945;
- non-listed securities: own estimation (*déclaration estimative*) with the help of the companies concerned;
- movable assets: 120% of the value stated in the insurance contract; 60% if contract signed after 1941; 5% of all assets if no insurance contract;

- business assets: market price⁸;
- real estate: market price⁹;
- agricultural land: 1937-1938 market price; to be adjusted to account for increases in agricultural products prices;
- destroyed / damaged assets: residual value; for land: only if asset completely destroyed;
- liabilities: include compulsory pension arrears, pro rata rents accrued on the 4th of June 1945 and due under a written deed, outstanding inheritance tax, taxes relating to the period prior to the 4th of June 1945, with the exception of those relating to income earned or profits made between the 1st of January and the 4th of June 1945.

2.4 Controls

On top of the reliability & expertise of the *Administration de l'Enregistrement, des Domaines et du Timbre* in collecting the inheritance tax, it is worth remembering that inheritance & income taxes collection was not interrupted by WW2, hence the availability of tax statistics for WW2–France.

As explained by [Rabault-Mazières \(2023\)](#), p. 7: “[T]he returns were first liquidated on the basis of the taxpayer’s statements, so that the sums could be collected quickly. The in-depth control took place mainly in 1947 and 1948.” But prior to these controls, a set of measures was enforced even before the war ended that helped prevent tax evasion. These measures were not necessarily all introduced for the sake of the ‘National Solidarity Levy’. Some of them were implemented as

⁸Tangible and intangible assets must be stated separately; (i) for tangible assets, a statement of equipment and goods must be provided, commercial real estate asset is valued at market price - usually determined by capitalising net rental income in the absence of any recent or similar sales; tools & inventories are in theory valued at market price too, in ranges established by the *Administration de l'Enregistrement* - and potentially corrected by various coefficients to account for price changes; (ii) for intangible assets, the value is generally determined by applying capitalisation rates, which vary according to the profession, to average sales and profits over the last few years.

⁹But prices from sales held within the last two years were disregarded. It is possible to compute it as: $net\ income * 100 / capitalisation\ factor$; where the latter must be $> 3.5\%$, i.e. superior to the interest rate on *rentes d'Etat*; which corresponds to the capitalisation of the net rental income received by the landlord.

part of the overall war-related context but turned out to facilitate the wealth census. In a more or less chronological order, these measures were in:

- September 1939: “[...] [T]he French government passed a series of laws related to war finance. A convention [...] was adopted [...] guaranteeing a strict control of foreign exchange and the suspension of gold exports. The main idea behind these measures was to ensure that France would keep all financial means (capital, foreign currencies, gold) at home to wage the war”, cf. [Oosterlinck \(2012\)](#);
- February 1941 / April 1942: Creation of the *Caisse Centrale de Dépôts et de Virements de Titres* (CCDVT, ancestor of the *SICOVAM*), which rendered mandatory the registration of listed stocks and provided strong tax incentives for registration form, cf. [Oosterlinck \(2004\)](#);
- January 1945: Census of assets held abroad, gold, foreign currencies and foreign securities held in France;
- June 1945: exchange of banknotes and stamping of short-term public bills;

After the introduction of the tax in August 1945, information from financial institutions to detect abnormal transactions and high amounts were centralised. Given the fact that the levy applied to households and corporations, there was a strong incentive to report shares in already taxable corporations to avoid double-taxation¹⁰. Additionally, copies of tax returns were sent to the *Contributions directes* for controls.

Thanks to in-depth controls, income & wealth were checked several times (especially for wealthy taxpayers) until 1951/2 in some cases. Table 4 shows the results of these controls. Cf. [Rabault-Mazières \(2023\)](#) for further details about caution in the interpretation of these controls and tax evasion.

¹⁰Again, taxable equity refers to shares in taxable corporations with share capitals above 5 million F. Corporations in question were *sociétés par actions ayant leur siège en France* (joint-stock companies). They were were taxed at a flat 5% rate (of their share capitals, payable in shares). Foreign corporations were only liable for their assets in France if said assets > 400,000 F with a 5% flat rate.

	Undervaluations (real estate & business assets)		Other Undervaluations (unlisted shares)		Omissions		Enrichment Increases		Late Taxpayers		
	Number	Amounts	Number	Amounts	Number	Amounts	Number	Amounts	Number	Wealth	Enrichment
	France	459 122	67 339	66 409	27 487	348 436	26 343	105 166	15 728	195 702	115 693
Paris	18 465	8 607	5 008	3 008	1 272	3 684	11 112	3 397	5 618	11 507	695
Paris (%)	4%	13%	8%	11%	0.4%	14%	11%	22%	3%	10%	4%

Notes: Amounts in millions francs. According to [Rabault-Mazières \(2023, pp. 5–6\)](#), the *Administration de l'Enregistrement* claimed that controls raised 23.4% of ‘National Solidarity Levy’ revenues (from fiscal households) but that number includes tax returns spontaneously filled in after mid–April 1946. Once corrected for that, she instead estimates that number to be around 11.5%.

Source: [Guérin \(1949\)](#), Appendix Table II, p. 211.

Table 4: Controls of ‘National Solidarity Levy’ Tax Returns

3 Methodology

3.1 Sample Strategy

There were almost 2.4 million ‘National Solidarity Levy’ tax returns in France, including about 220,000 for Paris only. There exists however no summary statistics except for one tabulation established by the Ministry of Finance and published in *Statistiques & Études Financières*¹¹ referring to France as a whole and displaying the number of taxpayers & their average wealth by net wealth bracket – cf. Table 5 for an excerpt of said tabulation. Moreover, tax returns have not been digitised and are scattered across *archives départementales* (department archives). Furthermore, despite tax returns being of the same format, various technical issues render an automated transcription too difficult for the time being.

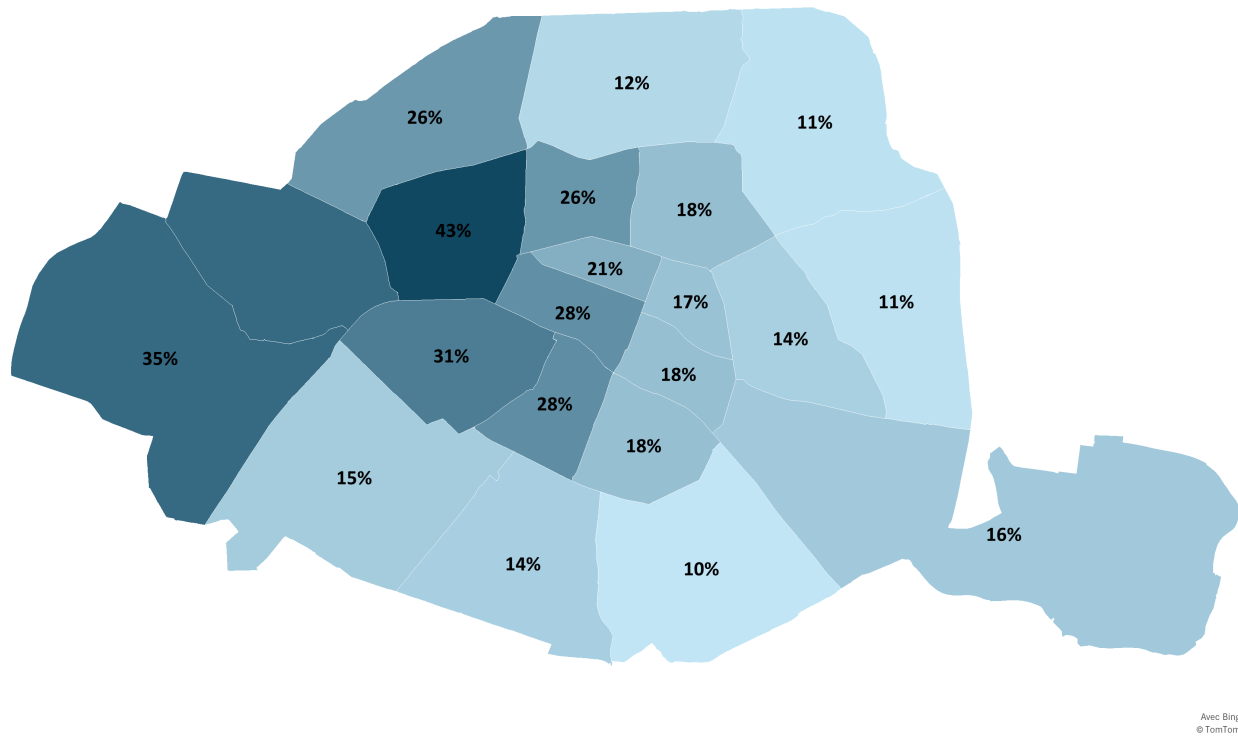
But wealth is historically concentrated, and even more so for (financial) wealth in France, located across a few Parisian *arrondissements* (districts). So while Paris is absolutely not representative of France, it is an excellent laboratory to observe the wealthy and their financial portfolios.

So I build a random stratified sample of currently about 2,300 observations ($\approx 1\%$) with an over-sampling at the top of the wealth distribution in the 7^{ème}, 8^{ème} and 16^{ème} *arrondissements*¹² (districts) which were the *arrondissements* (districts) with the highest share of taxpayers per fiscal household as displayed in Figure 2. Thanks to that over-sampling strategy, I have around 15–20% of all French top wealth-holders within each top brackets as shown in Table 5.

Moreover, the data make sense on at least two fronts. First, checking the joint distribution of income & wealth shows that these two correlate rather well despite wartime shocks as shown in Figure 3. Second, and perhaps more anecdotally, the list of sampled top–wealth holders contains many of the famous wealthy aristocratic / bourgeois or industrial families of the time.

¹¹Numéro 10, Octobre 1949, pp. 731–739.

¹²‘National Solidarity Levy’ tax returns are stored in boxes by *arrondissement* (district) and according to the date at which the *Administration de l’Enregistrement* received them. There is however no link between wealth (or any other variables) and said date. My sampling strategy is therefore to add to the dataset every 10th tax return in every 10th box in all *arrondissements* (districts) except for the 7^{ème}, 8^{ème} and 16^{ème} in which I add every 50th tax return in every 2nd box. In addition, in each box checked, I add all observations > 10 million old francs gross wealth to reach a finer coverage of the top of the wealth distribution (> 20 million old francs in the 16^{ème} *arrondissement* (district)).



Note: Cf. subsection 3.2 which explains how the number of fiscal households per *arrondissement* (district) is computed.

Figure 2: Share of 'National Solidarity Levy' Tax Returns in Paris by *arrondissement* (District)

Net Wealth (F)	France	Dataset	Dataset / France	Paris
200,000	1,760,320	722	0.04%	
1,000,000	389,312	269	0.07%	
2,000,000	163,799	269	0.16%	
5,000,000	33,919	192	0.57%	
10,000,000	11,231	429	3.82%	
20,000,000	1,837	341	18.56%	
50,000,000	435	100	22.99%	
100,000,000	235	41	17.45%	
500,000,000	13	2	15.38%	
Total	2,361,101	2,365	0.1%	223,279
Memo: average wealth	1,065,397	14,256,731	2,040,000	

Table 5: Number of ‘National Solidarity Levy’ Taxpayers in France and Dataset by Net Wealth Bracket (in Old Current Francs)



Note: The x-axis shows net wealth in 1945 in current old francs. The y-axis shows the sum of nominal gross incomes reported to the *Impôt général sur le revenu* (IGR, ‘General income tax’). Cf. subsection 3.3 which explains how gross incomes are computed for the years 1940–1944.

Figure 3: Net Wealth in 1945 & Incomes through WW2

3.2 Parisian Wealth Distribution

Since there is no information left on the distribution of taxpayers & wealth in Paris (as explained in subsection 3.1), the Parisian wealth distribution is simulated as follows.

One must first account for the number & wealth of Parisian non-filers. For their number, I take the total population from the 1st of January 1946 census divided by the ratio of population to households times the ratio of fiscal households to households – ratios drawn from Piketty (2001). The very same procedure is applied at the *arrondissement* (district) level to estimate the share of

‘National Solidarity Levy’ taxpayers by *arrondissement* (district) – cf. Figure 2. I find that around 20% of Parisian fiscal households were liable to the ‘National Solidarity Levy’. For their wealth, we know from [Piketty et al. \(2018\)](#) that the top 20% of the wealth distribution in Paris held around 97% of private wealth in Paris in 1947 – that number varies very little between 1937, 1942 and 1947. It is therefore assumed that the wealth of Parisian non-filers (80% of the population) was around 3% of private wealth in 1945–Paris.

Second, the following assumption is made: I start from inheritance tax tabulations in 1939 for which tabulations exist for both France & Paris. Since levels for France of the top 10% and top 1% are very similar in estates (1939) and the ‘National Solidarity Levy’ (1945), I assume that the relationship between France & Paris in 1939 still holds in 1945, as to infer 1945–Paris. Once I have 1945–Paris with tax brackets, I make use of [gpinter](#) (cf. [Blanchet et al., 2022](#)) to recover the whole distribution.

Making use of the number of fiscal households in France in 1945 from [Piketty \(2001\)](#) and private wealth as of mid–1945 from [Piketty and Zucman \(2014a\)](#) yields very similar top wealth shares (for the top 10%, 1% and 0.1%) to what [Piketty et al. \(2006\)](#) find in 1947 (respectively 70%, 27–30% and 10%).

The choice of showing results below by percentile is made to facilitate the understanding for readers familiar with the current inequality literature. But it would be also very interesting to show them as a multiple of average income per capita (or average wage), distinguishing for instance ‘the rich’, from ‘the super rich’ etc. as [Atkinson \(2008, pp. 66–67\)](#) did.

3.3 Pre- & Post-tax Incomes

Fiscal households liable to the ‘National Solidarity Levy’ had to report their yearly net income declared to the *Impôt général sur le revenu* (IGR; ‘General income tax’) from 1940 to 1944 – and, as discussed in subsection 3.5, sometimes even for years 1938 or 1939. That calls for a set of remarks to clarify how gross (or pretax) and disposable (or posttax) incomes are approximated

below to assess the impact of (IGR) income taxation¹³.

In France, incomes were first declared to the *impôts cédulaires* (cedular taxes) by income source¹⁴. Once cedular taxes were paid by income source, one obtains the ‘IGR gross income’ (i.e. gross of the IGR but net of cedular taxes). To move from ‘IGR gross income’ to the ‘net income declared to the IGR’, one must account for a set of deductions. The latter included three major categories: interest on debts, taxes & social contributions and losses on unincorporated businesses. Amongst them, taxes are the ones that raise the more substantial problem: indeed, since 1916 and until 1946¹⁵, income taxpayers could deduct the amount due to the ‘General income tax’ of the previous year ($t - 1$) from their net income declared to the IGR tax base in a given year (t).

The gross (or pretax) incomes data shown below only account for the ‘General income tax’ deductibility of the previous year (and for incomes declared in 1940, it is assumed that IGR deductibility of the previous year is the same as observed in 1940):

$$\text{Gross income}_t = \text{net income declared for IGR tax base}_t + \text{deductible IGR}_{t-1}$$

Disposable (or posttax) incomes are computed by taking the net income declared to the IGR and applying IGR and *Taxe de compensation familiale* rates and adding back the deductible IGR income from the previous year – where the *Taxe de compensation familiale* (TCF; ‘family compensation tax’) taxed more heavily single individuals and childless households:

$$\text{Post-tax income}_t = (\text{net income declared for IGR tax base}_t - \text{deductions for number of children}) * (\text{IGR} + \text{TCF}) + \text{deductible IGR}_{t-1}$$

¹³We refer the interested reader to [Piketty \(2001\)](#) for a thorough presentation, discussion and analysis of income taxation in 20th–France.

¹⁴E.g. wages to the *impôt sur les traitements, salaires, pensions et rentes viagères*, capital incomes to the *impôt sur le revenu des valeurs mobilières (IRVM)*, etc.

¹⁵For incomes in 1945, only half of the ‘General income tax’ liability due on 1944 incomes, cf. [Piketty \(2001\)](#), pp. 302–303). From 1945 onwards are also introduced the principles of the *quotient familial* (family quotient).

3.4 Defining Enrichment, Saving & Asset Sales

Once income (1940–1944) and wealth (June 1945) are known, taxing *enrichissement* (enrichment) implies to define it together with ‘old’ (pre–WW2) wealth. These definitions matter for approximating ‘saving’ and ‘asset sales’:

Old assets = assets held in 1940 + inheritances & donations received after 1940 + *emplois* & *remplois* – assets which cannot be listed as old due to the use of *forfaits*

- Same rules applied for liabilities except for *emplois* & *remplois*
- All remaining assets are new assets
- All assets were valued as of the 4th of June 1945
- *Emplois*: assets bought with cash holdings held before January 1940
- *Remplois*: assets bought via the sales of assets held before January 1940
- *Forfaits* (deductions): which imply to transfer some cash–equivalents from new to old assets, cf. subsection 3.5

Enrichissement = new assets + payments increasing asset volumes + donations – new liabilities – *forfaits* – 1/2 net income declared for IGR – *réalisations*

Are defined accordingly:

- Asset sales proxied by *réalisations*:
 - The value of all assets sold between 1940 and 1945 excluding: *emplois* & *remplois* and assets listed in the corresponding *forfaits* (cash–equivalents or financial securities). Most importantly, these assets were valued at the prevailing prices at the time of transactions, which may thereby create realised capital gains or losses

- Saving = new assets + payments increasing asset volumes – *forfaits* – new liabilities – *réalisations*
 - Saving rate = saving / cumulative (real) post-tax incomes (1940–1944)

3.5 *Forfaits* (deductions)

Forfaits (deductions) enabled taxpayers to reduce the amount of net new wealth by altering the amount of their wealth as of January 1940. Taxpayers could use any of the three following *forfaits* (deductions), even on a cumulative basis:

Forfait 1: to simulate cash and short-term debt bonds holdings in 1940. Two suboptions existed:

- **A:** a flat deduction of 50,000 F for the taxpayer, 100,000 F if married;
- **B:** a deduction equals to the net income declared for the general income tax in 1939 or 1940 – taxpayers with high incomes in 1939/1940 would opt for option B, but most people would opt for option A.

Forfait 2: a deduction equals to financial income in 1938 or 1939 (as declared for the general income tax base) multiplied by 30 (assuming a net yield of 3.33%). Rarely used in practice.

Forfait 3: a capped exemption of cash-equivalents for farmers. Two suboptions existed:

- **A:** one granting the right to deduct up to 60% of cash-equivalent assets up to 500,000 F, and 30% above 500,000 F;
- **B:** another one enabling taxpayers to deduct 5 times the net income declared for farm profits (*bénéfices agricoles*).

In practice, that first suboption was often capped to 300,000 F – i.e. 60% of 500,000 F. Quite surprisingly, it turns out that wealthy Parisian taxpayers benefited from it thanks to their rural real

estate properties (13% of p99 and 23% for p999, cf. Figure 4).

The use of these deductions was however conditional on the following rules:

- **Forfait 1:** Taxpayers could not list cash holdings or public debt with a maturity of up to 3 years as old assets. Also, public debt could not be counted under assets sold (*réalisations*);
- **Forfait 2:** Taxpayers could not list any financial assets as old assets (except for one exceptional public debt security issued in 1925 which was exempted from the general income tax). Same rule applies with regards to assets sold (*réalisations*);
- **Forfait 3:** was unconditional (tax deduction for farmers).

Figure 4 displays the use of deductions (*forfaits*) by percentile. Overall, about 20% of sampled Parisian households did not make use of any deductions (*forfaits*). That proportion is relatively stable across the top distribution.

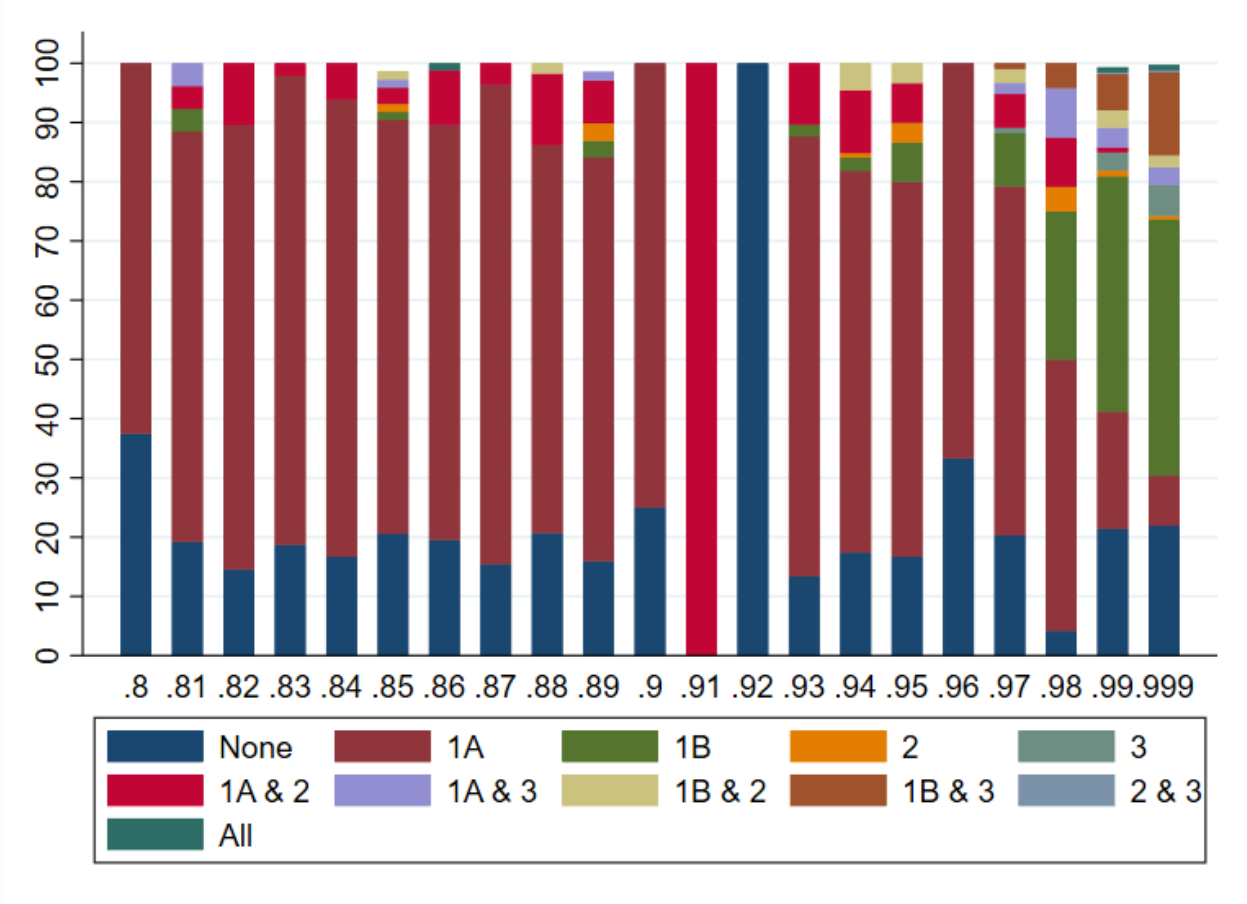


Figure 4: Use of *Forfaits* (deductions) by Net Wealth Percentile of the Parisian Wealth Distribution

4 Results

4.1 Incomes in Paris

Before looking into the distribution of incomes in the next section 4.2, it is useful to have a look first at how incomes by source evolved in WW2–France / Paris. The following tables are drawn from our work done in [Artola Blanco and Brassac \(2026\)](#) in which one of our goals is to produce new series of GDP (from the income approach) and net national income broken down by income category consistent with the production approach GDP series estimated by Villa (1994). Until we reach consistency, we show for now how different income components evolved between 1938 and 1946 in Table 6.

	Agricultural Male Wage	Industrial Male Wage	Civil Servant	Pensions	Mixed- incomes	House Rents	Land Rents	French Dividends	Foreign Incomes	Retained Earnings	CPI
1938	100	100	100	100	100	100		100	100	100	100
1939		103	104	99	65			101	102	118	109
1940		73	75	94	53						132
1941		101	127	106	110			118	20		223
1942	164	118	169	111	166			100	29	26	466
1943	228	136	197	121	203	86		87	23	66	671
1944	284	194	265	131	221			89	15	-162	833
1945	451	357	349	238	403			78	23	273	732
1946		527	536	345				146	234	1929	977

Table 6: Incomes by Source in France (1938 = 100)

Sources: *Bulletins de Statistique du Ministère des Finances*, *Bulletins de la Statistique générale de la France* (various editions), [Mitzakis \(1944\)](#), [Malissen \(1953\)](#) cited in [Piketty \(2001\)](#) and [Baubeau and Teixeira \(2024\)](#).

N.B.: CPI from [Baubeau and Teixeira \(2024\)](#) includes black market prices.

Two striking results stand out from Table 6. First, nominal labour & mixed incomes rose while capital incomes stagnated or even declined through WW2. We argue that it is primarily due to “government regulation”¹⁶ – that is the revaluation of wages in the face of labour scarcity & inflation while capital incomes were controlled¹⁷ or capped¹⁸ – rather than physical asset destruction

¹⁶Similar “government regulation” applied not only to France but also to other countries in WW2, whether belligerent or not. On financial markets in the United Kingdom and the United States, cf. [Oosterlinck \(2010, pp. 217–218\)](#). For rent controls on the US housing market, cf. [Fetter \(2016\)](#).

¹⁷For rent controls, cf. e.g. [Friggit \(2007, pp. 14 and 23\)](#).

¹⁸Dividends were legally capped during WW2, cf. [Hautcoeur and Le Bris \(2010, p. 164\)](#).

	Agricultural Male Wage	Industrial Male Wage	Civil Servant	Pensions	Mixed- incomes	House Rents	Land Rents	French Dividends	Foreign Incomes	Retained Earnings	CPI
1938	100	100	100	100		100		100	100	100	100
1939		106	100	99	100			101	102	118	109
1940		63		94	54						132
1941		95		106	120			118	20		223
1942	156	114		111	191			100	29	26	466
1943	219	125		121	245	86		87	23	66	671
1944	269	169		131	280			89	15	-162	833
1945	376	318		238	533			78	23	273	732
1946		501	492	345	1004			146	234	1929	977

Table 7: Incomes by Source in Paris (1938 = 100)

Sources: *Annuaire statistique de la Ville de Paris*, *Bulletins de Statistique du Ministère des Finances*, *Bulletins de la Statistique générale de la France* (various editions), [Mitzakis \(1944\)](#), [Malissen \(1953\)](#) cited in [Piketty \(2001\)](#) and [Baubeau and Teixeira \(2024\)](#).

N.B.1: CPI from [Baubeau and Teixeira \(2024\)](#) includes black market prices.

N.B.2: Pensions, House rents, French dividends, foreign incomes & CPI are for France.

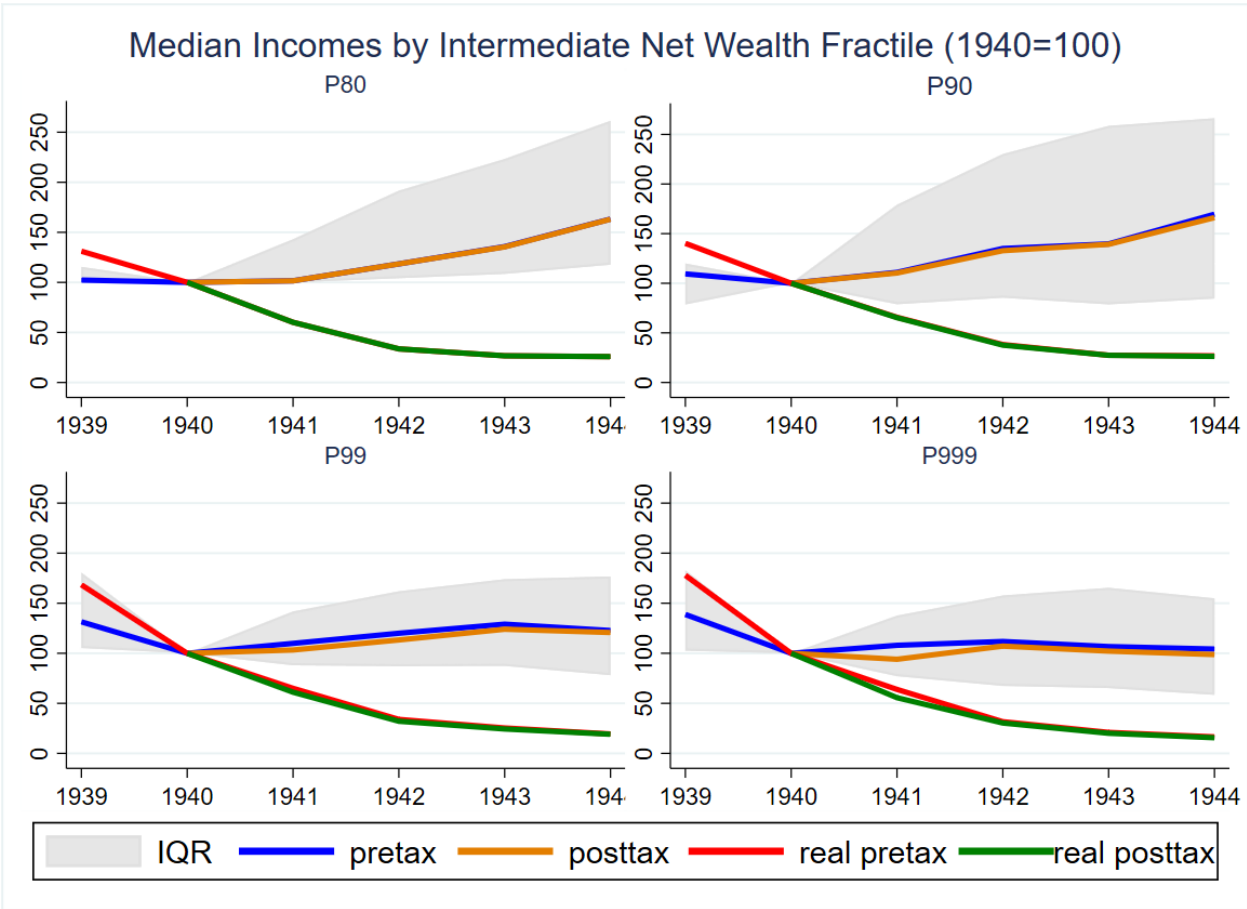
N.B.3: What is labelled here as “Paris” actually refers to the former “Seine” *département* which in turn corresponds to the current *départements* of Paris (75), Hauts-de-Seine (92), Seine-Saint-Denis (93) and Val-de-Marne (94) – hence the availability of data for agricultural wage-earners.

or tax evasion – cf. discussion in Subsection 4.2. As a consequence, the capital share went down, which is key for income inequality dynamics (cf. [Bengtsson and Waldenström, 2018](#); [Bengtsson et al., 2020](#)).

Second, foreign (financial) incomes collapsed during WW2 war and seemingly did not recover afterwards. The collapse is fairly straightforward: foreign (financial) incomes were not paid out during the war but were retained on accounts abroad. Perhaps the more surprising and interesting part of the story is that these incomes did not appear to have caught up afterwards. It is however worth noting that dividends were capped abroad in other countries too (at least in Germany, Italy, Denmark, Norway and Japan) while countries like Sweden, the UK or the US did not cap dividends but relied instead on excess profits taxes.

4.2 Income Inequality

As displayed in Figure 5, after the initial shock in 1939 / 1940 due to WW2 outbreak, p80—99 of the Parisian wealth distribution experienced (higher) nominal income growth while top 1% almost stagnated in nominal terms, hence the rapid fall in income inequality. In turn, inflation (incl. black market prices, cf. [Baubeau and Teixeira, 2024](#)) took down all real incomes.



Notes: Nominal pre-tax incomes are in blue; nominal post-tax incomes in orange; real pre-tax incomes in red; and real post-tax incomes in green. Solid lines refer to median values while grey shaded areas are interquartile ranges for nominal pre-tax incomes. For the top 1% of the Parisian wealth distribution, more than half of the observations reported its pre-WW2 net incomes declared to the IGR. While labeled as '1939' in the chart, these incomes could refer either to 1938 or 1939. Results shown above refer to intermediate net wealth fractiles from the simulated distribution of wealth in Paris, cf. subsection 3.2. For instance, p80 (or .8) refers to households located between the 80th and 90th of the simulated Parisian wealth distribution. Cf. subsection 3.3 for pre- & post-tax income computations.

Figure 5: Income by Intermediate Net Wealth Fractile

What happened? Building on the macroeconomic trends discussed in the previous subsection 4.1 on incomes by source in Paris and France, I hypothesise that the above-mentioned initial shock leading to the rapid fall in income inequality was twofold: there was first a short-lived effect at the “bottom” on labour & mixed incomes due to *mobilisation*, *Drôle de guerre* (phoney war) &

Débâcle (Battle of France) for incomes below p99 before incomes of those taxpayers would rise again. Second, there was an enduring impact at the top on capital incomes due to the collapse in foreign incomes while rents were controlled & dividends capped.

Said hypothesis rests on two pillars. First, it relies on what we know about the composition of incomes along the distribution: top incomes are mostly derived from capital while lower in the distribution, labour incomes dominate (cf. in particular data by [Piketty et al., 2006, 2014, 2018](#) on asset composition at death along the wealth distribution in Paris). Second, said hypothesis, by stressing the primacy of negative capital shocks to explain why labour & mixed incomes rose relatively faster than capital incomes in WW2–Paris/ France, rules out two other potential channels. The point here is however not argue that these two other channels did not matter, but rather that they mattered less than the compositional effect / negative capital shocks. These two other channels are taxation and tax evasion. Why not taxation? Because income taxes were already high before WW2 outbreak & “dynamic” impact takes years to come into play which is inconsistent with the sudden shock observed. Why not tax evasion? There was obviously some tax evasion since the 1920s & pre–WW2 flight to safety for a few taxpayers but year 1938 was actually marked at the aggregate-level by a massive influx of foreign capital being repatriated before strict transaction controls were implemented. Also, concealing real estate or business assets (in particular in non-listed shares, crucial at the top) is fairly complicated. In other terms, although there are some documented cases of tax evasion (cf. [Rabault-Mazières, 2023](#)), its aggregate extent ought not to be overstated.

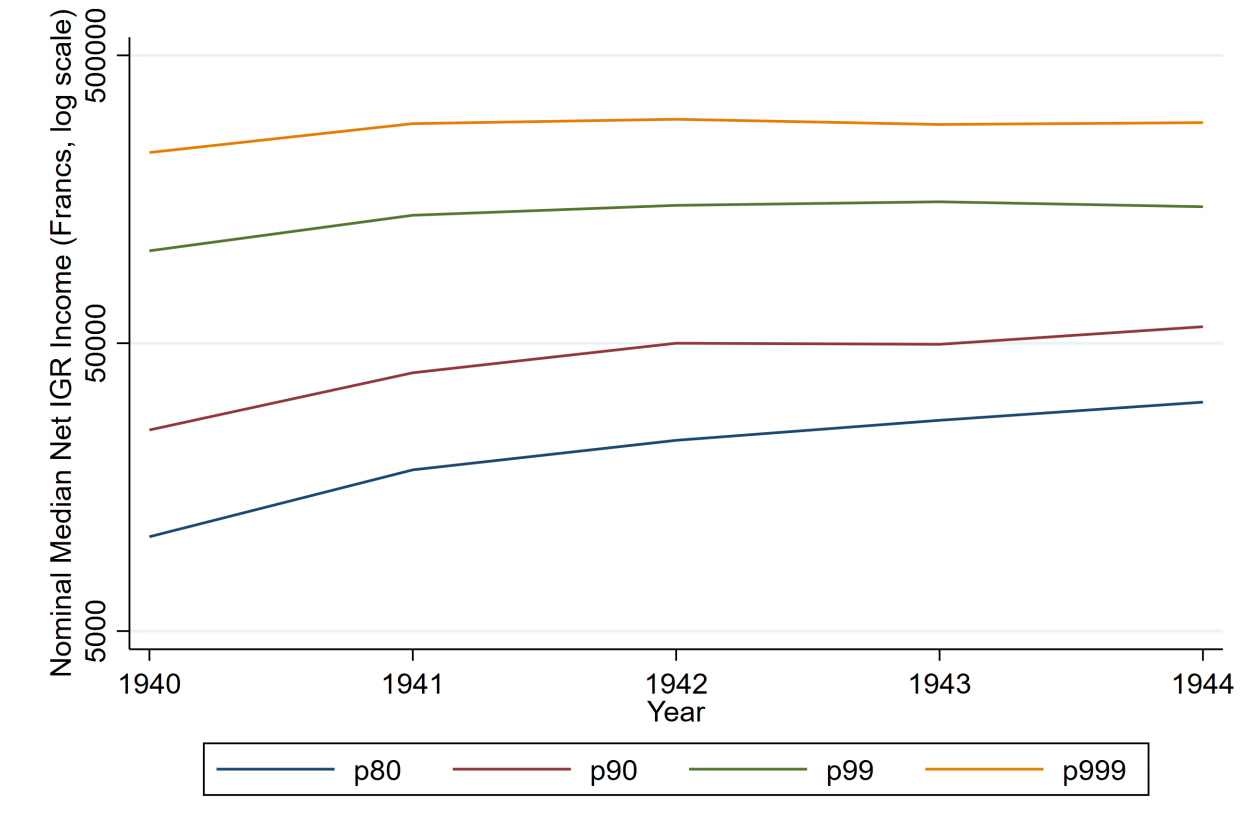
Moreover, I argue that within negative capital shocks, what mattered were rather ‘government regulation’ than capital destruction. Indeed, (physical) capital destruction amounted to “only” circa 20% of the pre–WW2 capital stock (cf. [Divisia et al., 1956¹⁹](#)).

That leaves, ‘government regulation’ – revaluations of wages in the face of labour scarcity & inflation while capital incomes were controlled / capped – as the most convincing explanation of why labour & mixed incomes rose relatively faster than capital incomes in WW2–Paris / France.

¹⁹Around 20% of the pre-WW2 capital stock – cf. [Divisia et al. \(1956\)](#), pp. 61 and 70 and [Piketty \(2011\)](#), p. 43 of the Data Appendix Part 1, footnote 110. These destructions occurred mainly in 1940 and 1944–1945, cf. [Piketty \(2011\)](#), p. 43 of the Data Appendix Part 1, footnote 110.

As explained later in section 5, focusing on the ‘government regulation’ explanation (rather than taxation, tax evasion or (physical) capital destruction) could also help better understanding income inequality trends elsewhere at around the same time. It also important to stress that it does not contradict the narrative developed by Piketty (2001, 2014, 2021) and Piketty et al. (2006, 2014, 2018). It however aims at clarifying / stressing the role of short-term negative capital shocks alongside the longer-run crucial role played progressive (income & inheritance) taxation (after negative wealth shocks occurred).

It is also important to bear in mind before turning to the next sections that these forces (‘government regulations’ I argue) led to a reduction in the gaps between incomes of different wealth groups as shown in Figure 6.



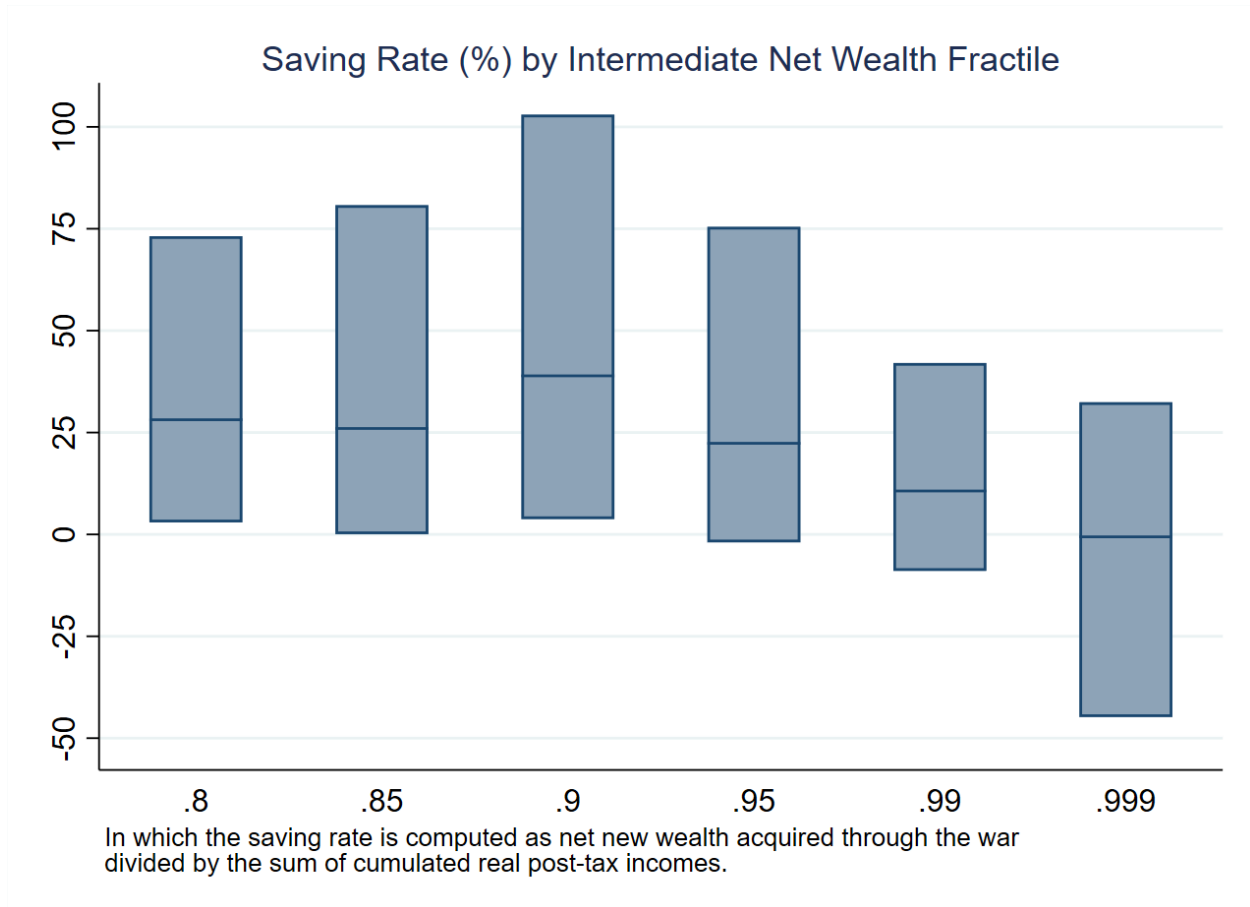
Notes: Results shown above refer to intermediate net wealth fractiles from the simulated distribution of wealth in Paris, cf. subsection 3.2. For instance, p80 (or .8) refers to households located between the 80th and 90th of the simulated Parisian wealth distribution. Cf. subsection 3.3 for pre- & post-tax income computations.

Figure 6: Median Yearly Nominal Pre-Tax Incomes of Different Intermediate Net Wealth Fractiles

4.3 Saving

From an asset perspective, WW2–France was marked by: (i) few new assets except for State bonds put on to markets, (ii) restricted transactions on existing assets and (iii) destruction of existing assets. There were therefore not many (legal) saving opportunities except for cash, deposits & State bonds (i.e. fixed–income assets). And as the data by [Artola Blanco and Brassac \(2026\)](#) and [Baubeau, Monnet & Riva forthcoming](#) for M1 and M2 show, we indeed observe a rise in saving (in fixed–income assets) at the macroeconomic–level.

I hypothesise that taxpayers experiencing (higher) nominal incomes growth drove said rise in savings due to the lack of consumption opportunities and despite inflation.



Notes: Results shown above refer to intermediate net wealth fractiles from the simulated distribution of wealth in Paris, cf. subsection 3.2. For instance, p80 (or .8) refers to households located between the 80th and 85th of the simulated Parisian wealth distribution.

Figure 7: Saving Rate

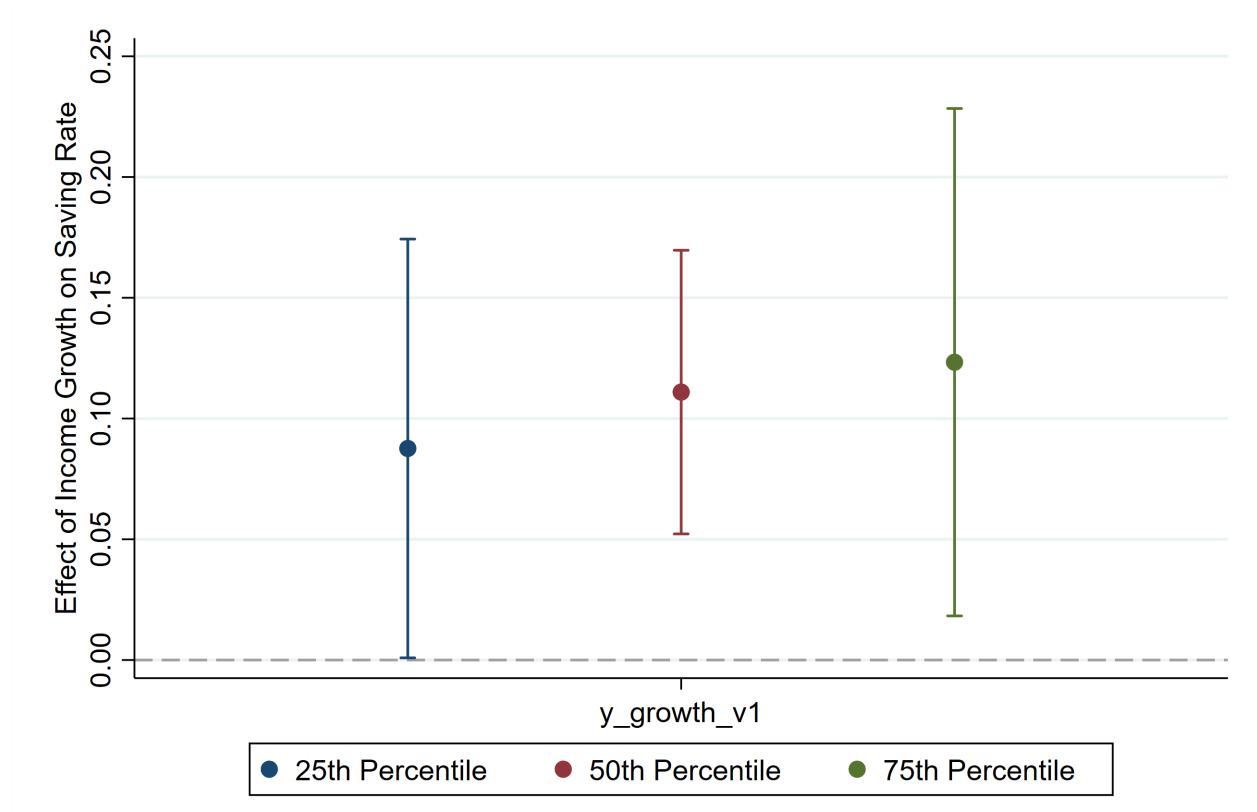
As shown in 7 – which shows the interquartile range for the saving rate by intermediate net wealth fractile – microdata suggest that p80–99 had higher saving rate but with great heterogeneity. Therefore, I test that hypothesis through a quantile regression approach, adapting [Fagereng et al. \(2025, Subsection 4.2\)](#):

$$s_i = \sum_{p=80}^P \phi_p D_{i,p} + \beta y_i + \gamma x_i' + \varepsilon_i \quad (1)$$

Where s_i denotes the saving rate of fiscal household i as defined in Subsection 3.4, $D_{i,p}$ is a dummy variable indicating that the fiscal household belongs to wealth percentile p , and ϕ_p are the corresponding coefficients. The variable y_i measures income growth (defined as the log of the ratio of gross income in 1944 to gross income in 1940), and β captures its partial correlation with the saving rate. The vector x_i includes controls for age and gender of the household head (also income quintiles in alternative specifications). ε_i is the error term.

I estimate equation 2 using a quantile regression at the $\tau \in \{0.25, 0.50, 0.75\}$ quantiles:

$$Q_\tau(s_i \mid D_{i,p}, y_i, x_i) = \sum_{p=80}^P \phi_{p,\tau} D_{i,p} + \beta_\tau y_i + \gamma_\tau x_i' \quad (2)$$



Notes: 99% confidence intervals. Bootstrapped standard errors.

Figure 8: Quantile Regression

As shown in Figure 8, quantile regression estimates at the median indicate a positive and statistically significant relationship between income growth and the saving rate. The coefficient on income growth (0.111, s.e. = 0.020) suggests that a 10% increase in income between 1940 and 1944 is associated with roughly a 1 percentage–point higher median saving rate, controlling for wealth, age and gender (controlling for income does not significantly alter these results). While the pseudo- R^2 is small (0.025), the fact that the p80–99 of the Parisian wealth distribution experienced nominal income growth of roughly 60 to 70% between 1940 and 1944 makes that result non-negligible. Of course, many other factors which are uncontrollable for (at least at this stage) might have mattered a great deal: engaging or not in black market activities, collaborating with occupying forces, etc. But these estimates already suggest that income growth played an important role in understanding saving rate patterns.

4.4 Wealth Inequality

4.4.1 Wealth Accumulation Equations

We know from [Piketty et al. \(2006\)](#); [Garbinti et al. \(2021\)](#) that wealth inequality progressively declined around WW2 (and in general throughout the first half of the 20th century) and from [Piketty et al. \(2006, 2014, 2018\)](#) that the latter even remained constant in Paris between 1937 and 1947²⁰. How may we understand simultaneously these two findings: namely a higher saving rate of the p80–99 (of the Parisian wealth distribution; apparently driven by households experiencing rising nominal incomes as shown in Section 4.3) with the evidence from [Piketty et al. \(2006, 2014, 2018\)](#); [Garbinti et al. \(2021\)](#) suggesting constant wealth inequality around WW2 in Paris?

²⁰Just to be clear: the point here is not to argue over decimal points as to whether each fractile of the wealth distribution has retained exactly the exact same wealth share in 1937 and 1947 but rather to take as a starting point the best available evidence which suggests that while wealth inequality declined around WW2, it does not appear to be so in Paris. Whether it actually remained constant or not any way does not alter the argumentation developed below, which tries to understand why it could have remained constant if it did.

From a theoretical perspective: we may rationalise these findings²¹ through a wealth accumulation model, in which: (i) either higher capital losses of the p80–99 cancelled its higher saving rate or (ii) capital gains / fewer capital losses of the top 1% cancelled the higher saving rate of the p80–99.

Formally, and following the additive wealth accumulation equation proposed by [Piketty and Zucman \(2014b, Subsection K.1\)](#), wealth inequality remains constant between time t and $t + 1$ if the conditions below are fulfilled. With W referring to wealth, S to saving, KG to capital and sh^p to the wealth share of wealth group p :

$$W_{t+n} = W_t + S_{t,t+n} + KG_{t,t+n} \quad (3)$$

$$\forall p : sh_{w,t+1}^p = sh_{w,t}^p \quad (4)$$

$$\iff \forall p : \frac{W_t^p}{W_{t+1}} - \frac{W_{t-1}^p}{W_t} + \frac{S_{t+1}^p}{W_{t+1}} - \frac{S_t^p}{W_t} + \frac{KG_{t+1}^p}{W_{t+1}} - \frac{KG_t^p}{W_t} = 0 \quad (5)$$

$$\iff \forall p : S_{t+1}^p + KG_{t+1}^p = sh_{w,t}^p (S_{t+1} + KG_{t+1}) \quad (6)$$

$$\iff \forall p : S_{t+1}^p + KG_{t+1}^p = sh_{w,t}^p (S_{t+1}^p + KG_{t+1}^p + S_{t+1}^{1-p} + KG_{t+1}^{1-p}) \quad (7)$$

$$\iff \forall p : S_{t+1}^p = \frac{sh_{w,t}^p}{sh_{w,t}^{1-p}} (S_{t+1}^{1-p} + KG_{t+1}^{1-p}) - KG_{t+1}^p \quad (8)$$

If we now simplify and assume that there are only two wealth groups, the rich and the poor:

²¹The exercise below follows a logic similar to [Schaff \(2023, Subsection 2.2\)](#).

$$\implies S_{t+1}^{poor} = \frac{sh_{w,t}^{poor}}{sh_{w,t}^{rich}} (S_{t+1}^{rich} + KG_{t+1}^{rich}) - KG_{t+1}^{poor} \quad (9)$$

Since wealth shares are given in time t , wealth inequality remains constant in time $t + 1$ if savings of the poor are offset by their own capital losses or by savings and capital gains of the rich. But we know from Section 4.3 that saving rate of the poor was higher, meaning that extra savings of the poor were offset by capital gains of the rich or their own capital losses.

Moreover, following [Martínez-Toledano \(2023, p. 22\)](#), we may decompose wealth (W), saving (S) and (KG) by asset class. Taking wealth (W) as an example:

$$W_{t+1}^g = W_{H,t+1}^g + W_{B,t+1}^g + W_{F,t+1}^g \quad (10)$$

Where H refers to housing, B to business assets and F to financial assets. Except that here, we decompose financial assets between low & high-performing assets (respectively, fixed-income assets FIA versus domestic & foreign equity E) and exclude for now from the conversation housing & business assets. If we now assume that the poor only have access to low-performing assets (fixed-income assets) while the rich have access to high-performing assets (equity). By combining equations 9 and 10, equation 9 becomes:

$$\implies S_{FIA,t+1}^{poor} = \frac{sh_{w,t}^{poor}}{sh_{w,t}^{rich}} (S_{E,t+1}^{rich} + KG_{E,t+1}^{rich}) - KG_{FIA,t+1}^{poor} \quad (11)$$

In which extra savings of the poor may be offset by capital losses in fixed-income assets (due to inflation) while the rich benefit from lower capital losses or even capital gains in equity.

In the multiplicative form, the logic remains but the compounding effect of capital gains

makes it possible to “save less” if it is compensated by higher capital gains. Now, with q being the rate of capital gains, s the saving rate and Y income:

$$W_{t+1} = (1 + q_{t+1})(W_t + s_t Y_t) \quad (12)$$

$$\implies \forall p : S_{t+1}^{poor} = \frac{sh_{w,t}^{poor}}{sh_{w,t}^{rich}} \frac{KG_{E,t+1}^{rich} + (1 + q_t^{rich})S_{E,t+1}^{rich}}{1 + q_t^{poor}} - \frac{KG_{FIA,t+1}^{poor}}{1 + q_t^{poor}} \quad (11)$$

4.4.2 Distributional Consequences of the “*politique du circuit*”

From an asset perspective and as argued in Section 4.3, WW2–France was marked by repressed (financial) & dysfunctional markets. That situation was one of the results of the Vichy regime’s attempt to “close the circuit” (cf. Margairaz, 1991)²². **The working hypothesis at this stage which will be confirmed thanks to data on household asset composition is therefore that the top 1% could benefit from more diversified portfolios oriented towards equities & foreign assets and access to rights issues while p80–99 saved into fixed-income assets – currency, deposits and State bonds – which suffered heavy capital losses due to inflation. Such an asset perspective would be the distributional side of the “*politique du circuit*” and could explain why wealth inequality only progressively declined in France and even remained constant in Paris.**

5 Beyond WW2–Paris

While the focus of the present work is solely on WW2–Paris / France, the mechanisms outlined previously could matter for our broader understanding of long–run inequality dynamics in other countries.

²²A brief definition of the *politique du circuit* in English is given by Occhino et al. (2008, p. 13): “[...] Vichy’s policy makers sought to prevent the growing stock of currency from having its full inflationary effect. Vichy’s first finance minister, Yves Bouthillier based his policy on an analysis of the problems his predecessors had encountered during World War I and aimed to limit inflationary pressure by having the government “close the circuit” (the so-called *politique de circuit*) by selling bonds to repay its liabilities to the Bank of France.”

Indeed, France is not the only country where WW2 constituted a major break in long-run income inequality: cf. e.g. Canada, Japan, the United States of America or the United Kingdom to a lesser extent. Likewise, the argument according to which ‘government regulation’ matters for understanding the trends in those countries is not new (cf. e.g. [Moriguchi and Saez, 2008](#); [Scheidel, 2017](#); [Scott and Walker, 2020](#); cf. also [Aaberge and Bengtsson, 2024](#), pp. 215–216 for a discussion of the cases of Denmark & Norway *versus* Sweden). Furthermore, Belgium & Italy also engaged into a similar “*politique du circuit*” without explicitly labelling it as such.

The idea here is not to dismiss progressive taxation as the main driver of long-run inequality compression (cf. [Piketty, 2014](#); [Alfani, 2025](#)), but rather to stress that it is insufficient of an argument to account for the rapid decline observed in income inequality (while wealth inequality only progressively declined) in a case like WW2–France (and again, so are capital destruction and tax evasion).

By looking at the joint distribution of income & wealth of the top 20% of the living Parisian population in 1945 and the evolution of their incomes through WW2, my work tentatively makes the following clarifications for WW2 which could be of relevance for other countries. First, there is no mechanical impact of wars triggering a decline in inequality through physical capital destruction. Other channels such as ‘government regulation’ in the present case might matter more (i.e. the historical context matters, cf. [Schaff, 2023](#); [Alfani, 2025](#)). Second, there is no mechanical transmission of negative capital shocks from income to wealth inequality. Third, what happens (just) below the top matters.

Furthermore, better understanding the mechanisms through which WW2 led to a decline in inequality (or not), i.e. how “negative capital shocks” operated in the first place, might prove useful to improve our knowledge of why inequality did not re-increase subsequently and until the 1970s / 1980s before the trend reversal (while progressive taxation of income & inheritance remains the primary explanation).

Additionally, looking at ‘government regulation’ might help understand what happened not just in belligerent countries in which battles were fought, but also in other belligerent countries & neutral countries if similar measures were enacted. But why do these clarifications matter? Although perhaps insignificant at first glance, they bear relevance for at least two open questions, which do not just concern the inequality literature but also the economic and economic history ones: first, why do we observe the same ‘Great Levelling’ in countries like France and Sweden, with Sweden remaining neutral in both world wars and being spared by the Great Depression (cf. Bengtsson, Molinder & Prado 2025). Second, and relatedly, is inequality a mechanical consequence of unfettered capitalism that only world wars halted?

References

- Aaberge, Rolf and Erik Bengtsson**, “Long-run Evolution of Income Inequality in the Nordic Countries,” *Scandinavian Economic History Review*, 2024, 72 (3), 208–227.
- Alfani, Guido**, “Inequality in History: A Long-run View,” *Journal of Economic Surveys*, 2025, 39 (2), 546–566.
- Artola Blanco, Miguel and Pierre Brassac**, “Income & Wealth in WW2–France: A Macroeconomic & Fiscal Overview,” 2026.
- Atkinson, Anthony B.**, “Concentration among the Rich,” in James B. Davies, ed., *Personal Wealth from a Global perspective*, Oxford: Oxford University Press, 2008, pp. 64–92.
- Baubeau, Patrice and Matéo Teixeira**, “Inflation Without Politics: How French Prices Outsmarted Bullets, 1938-1949,” 2024.
- Bengtsson, Erik and Daniel Waldenström**, “Capital Shares and Income Inequality: Evidence from the Long run,” *The Journal of Economic History*, 2018, 78 (3), 712–743.
- , **Enrico Rubolino, and Daniel Waldenström**, “What Determines the Capital Share over the Long run of History?,” *CEPR Discussion Paper No. DP14693*, 2020.
- Bergère, Marc**, *L'épuration économique en France à la Libération*, Presses Universitaires de Rennes, 2008.
- Blanchet, Thomas, Juliette Fournier, and Thomas Piketty**, “Generalized Pareto Curves: Theory and Applications,” *Review of Income and Wealth*, 2022, 68 (1), 263–288.
- Bourdieu, Jérôme, Gilles Postel-Vinay, and Akiko Suwa-Eisenmann**, “Pourquoi la richesse ne s’est pas diffusée avec la croissance?. Le degré zéro de l’inégalité et son évolution en France, 1800–1940,” *Histoire & Mesure*, 2003, 18 (XVIII–1/2), 147–198.
- , **Lionel Kesztenbaum, and Gilles Postel-Vinay**, *L'enquête TRA, histoire d'un outil, outil pour l'histoire : Tome I. 1793-1902*, Institut national d'études démographiques, 2014.
- Brassac, Pierre**, “Taxing Wealth & Enrichment: Lessons from the 1945–French ‘National Solidarity Levy’,” 2026.
- , “Capital Levies in Europe After the Second World War: A Reassessment,” 2026.
- Daumard, Adeline**, *Les fortunes françaises au XIXe siècle : Enquête sur la répartition et la composition des capitaux privés à Paris, Lyon, Lille, Bordeaux et Toulouse d'après l'enregistrement des déclarations de successions*, Mouton, 1973.
- Divisia, François, Jean Dupin, and René Roy**, *À la Recherche du Franc Perdu (volume 3 : Fortune de la France)*, Paris: Serp, 1956.
- Eichengreen, Barry**, “The Capital Levy in Theory and Practice,” 1989.

- Fagereng, Andreas, Martin Blomhoff Holm, Benjamin Moll, and Gisle Natvik**, “Saving Behavior Across the Wealth Distribution: The Importance of Capital Gains,” 2025.
- Fetter, Daniel K.**, “The Home Front: Rent Control and the Rapid Wartime Increase in Home Ownership,” *The Journal of Economic History*, 2016, 76 (4), 1001–1043.
- Friggit, Jacques**, “Long Term (1800-2005) Investment in Gold, Bonds, Stocks and Housing in France — with Insights into the USA and the UK: A Few Regularities,” *Working Paper*, 2007.
- Garbinti, Bertrand, Jonathan Goupille-Lebret, and Thomas Piketty**, “Accounting for Wealth-inequality Dynamics: Methods, Estimates, and Simulations for France,” *Journal of the European Economic Association*, 2021, 19 (1), 620–663.
- Guérin, Jean**, “L’impôt de solidarité nationale.” PhD dissertation, Université de Paris – Faculté de Droit, 1949.
- Hauer, Thomas, Branko Milanović, and Suresh Naidu**, “Inequality, Foreign Investment, and Imperialism Prior to World War I,” 2020.
- Hautcoeur, Pierre-Cyrille and David Le Bris**, “A Challenge To Triumphant Optimists? A Blue Chips Index for the Paris Stock Exchange, 1854–2007,” *Financial History Review*, 2010, 17 (2), 141–183.
- **and Sandrine Grotard**, “Taxation of Corporate Profits, Inflation and Income Distribution in France, 1914–1926,” 2005.
- Hicks, John R., Ursula K. Hicks, and László Rostás**, *The Taxation of War Wealth*, Clarendon Press, 1941.
- Hughes, Michael L.**, *Shouldering the Burdens of Defeat: West Germany and the Reconstruction of Social Justice*, University of North Carolina Press, 1999.
- Kedrzyński, Adam**, “Modernization of the Fiscal System: Some Remarks on the Introduction of Capital and War Wealth Levies in Selected Countries from Western and Central Europe,” *Humanities and Social Sciences*, 2023, 30 (4–part 1), 121–138.
- Le Bris, David**, “Wars, Inflation and Stock Market Returns in France, 1870–1945,” *Financial History Review*, 2012, 19 (3), 337–361.
- Le Douarec, Jean-François**, “Contribution à l’histoire du gouvernement provisoire de 1944 : Discussions sur l’impôt de solidarité nationale,” 1957.
- Malissen, Marcel**, *L’autofinancement des sociétés en France et aux Etats-Unis*, Dalloz, 1953.
- Margairaz, Michel**, *L’État, les finances et l’économie. Histoire d’une conversion 1932–1952*, Vincennes : Institut de la gestion publique et du développement économique, Comité pour l’histoire économique et financière de la France, 1991.

- , “La Banque de France l’Occupation,” in Michel Margairaz, ed., *Banques, Banque de France et Seconde Guerre Mondiale*, Mission historique de la Banque de France, Bibliothèque Albin Michel Histoire, 2002, pp. 37–84.
- Martínez-Toledano, Clara**, “House Price Cycles, Wealth Inequality and Portfolio Reshuffling,” 2023.
- Mitzakis, Michel**, *Principaux aspects de l’évolution financière de la France, 1936–1944*, Paris: Les publications techniques, 1944.
- Moriguchi, Chiaki and Emmanuel Saez**, “The Evolution of Income Concentration in Japan, 1886–2005: Evidence from Income Tax Statistics,” *The Review of Economics and Statistics*, 2008, 90 (4), 713–734.
- Mouré, Kenneth and Fabrice Grenard**, “Traitors, Trafiquants, and the Confiscation of ‘Illicit Profits’ in France, 1944–1950,” *The Historical Journal*, 2008, 51 (4), 969–990.
- Mouré, Kenneth**, *Marché Noir: The Economy of Survival in Second World War France*, Cambridge University Press, 2023.
- Occhino, Filippo, Kim Oosterlinck, and Eugene N. White**, “How Much Can a Victor Force the Vanquished to Pay? France under the Nazi Boot,” *The Journal of Economic History*, 2008, 68 (1), 1–45.
- O’Donovan, Nick**, “One–off Wealth Taxes: Theory and Evidence,” *Fiscal Studies*, 2021, 42 (3–4), 565–597.
- Oosterlinck, Kim**, “Market Microstructure and Nazi Influence on the Paris Stock Exchange During WWII,” *Université Libre de Bruxelles, Solvay Business School, Working Paper, WP-CEB*, 2004, 4, 026.
- , “French Stock Exchanges and Regulation during World War II,” *Financial History Review*, 2010, 17 (2), 211–237.
- , “Sovereign Debts and War Finance in Belgium, France and the Netherlands,” in “Europäische Volkswirtschaften unter deutscher Hegemonie: 1938–1945,” De Gruyter Oldenbourg, 2012.
- , “Art as a Wartime Investment: Conspicuous Consumption and Discretion,” *The Economic Journal*, 2017, 127 (607), 2665–2701.
- Piketty, Thomas**, *Les hauts revenus en France au XXe siècle*, Grasset, 2001.
- , “On the Long-run Evolution of Inheritance: France 1820–2050,” *Working Paper*, 2011.
- , *Capital in the Twenty-First Century*, Harvard University Press, 2014.
- , *Une brève histoire de l’égalité*, Seuil, 2021.
- **and Gabriel Zucman**, “Capital is Back: Wealth–Income Ratios in Rich Countries 1700–2010,” *The Quarterly Journal of Economics*, 2014, 129 (3), 1255–1310.

- **and** — , “Capital is Back: Wealth-Income Ratios in Rich Countries 1700–2010,” *Data Appendix*, 2014.
- , **Gilles Postel-Vinay, and Jean-Laurent Rosenthal**, “Wealth Concentration in a Developing Economy: Paris and France, 1807–1994,” *American Economic Review*, 2006, 96 (1), 236–256.
- , — , **and** — , “Inherited vs Self-made Wealth: Theory & Evidence from a Rentier Society (Paris 1872–1927),” *Explorations in Economic History*, 2014, 51, 21–40.
- , — , **and** — , “The End of the Rentiers: Paris 1842–1957,” *WID.world Working Paper Series N° 2018/1*, 2018.
- Plessis, Alain**, “Les grandes banques de dépôts et l’Occupation,” in Michel Margairaz, ed., *Banques, Banque de France et Seconde Guerre Mondiale*, Mission historique de la Banque de France, Bibliothèque Albin Michel Histoire, 2002, pp. 15–36.
- Postel-Vinay, Gilles and Jean-Laurent Rosenthal**, *A Capital’s Capital: Two Hundred Years of Wealth and Inequality in Paris* 2026.
- Rabault-Mazières, Isabelle**, “La justice fiscale au sortir de la guerre : l’impôt de solidarité nationale de 1945,” in “La Justice fiscale (Xe–XXIe siècles),” Bruylant Édition, 2020.
- , “Detecting Ordinary Tax Evaders: The Example of the 1945 Impôt de Solidarité Nationale in France,” in “Tax Evasion and Tax Havens Since the Nineteenth Century,” Springer Nature, 2023.
- Robson, Peter**, “Capital Levies in Western Europe After the Second World War,” *The Review of Economic Studies*, 1959, 27 (1), 23–43.
- Schaff, Felix S.F.**, “Warfare and Economic Inequality: Evidence from Preindustrial Germany (c. 1400-1800),” *Explorations in Economic History*, 2023, 89, 101495.
- Scheidel, Walter**, *The Great Leveler: Violence and the History of Inequality from the Stone Age to the Twenty-First Century*, Princeton University Press, 2017.
- Scott, Peter and James T. Walker**, “The Comfortable, the Rich, and the Super-Rich. What Really Happened to Top British Incomes during the First Half of the Twentieth Century?,” *The Journal of Economic History*, 2020, 80 (1), 38–68.
- Teixeira, Matéo**, ““Les prix seront ce que le gouvernement voudra qu’ils soient” : a-t-on délibérément utilisé l’inflation pour réduire la dette publique française à la fin de la Seconde guerre mondiale ? (1943-1945).” PhD dissertation, Université Lumière Lyon II, 2025.
- Wroński, Marcin**, “Wealth Inequality in Interwar Poland,” *Economic History of Developing Regions*, 2023, 38 (1), 1–40.
- Zannis, Étienne**, “La contribution extraordinaire sur les bénéfices de guerre, une source pour appréhender l’inflation,” *Guerres mondiales et conflits contemporains*, 2017, (3), 123–134.

Official & Statistical Publications

Bank for International Settlements (BIS) (1942). [Twelfth Annual Report: 1st April 1941 – 31st March 1942](#). Bâle.

Conseil National de la Résistance (1944). [Programme d'action de la Résistance](#).

Journal Officiel de la République française (1945). [Ordonnance n° 45-1820 du 15 août 1945 instituant un impôt de solidarité nationale et édictant diverses mesures de simplifications fiscales](#).

Statistiques & Études Financières (Ministère des Finances, 1949-1984). Numéro 10, Octobre 1949.

Archival Sources

Archives de Paris, Direction de l'Enregistrement du Département de Paris et de la Seine, Impôt de Solidarité Nationale, 1600W.