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Review - Capital et idéologie

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TORBJØRN L. KNUTSEN, JAN 16 2020

Capital et idéologie
By Thomas Piketty
Seuil, 2019

This impressive tome is a follow-up of the author's 2013 bestseller *Capital in the 21st Century*. Whereas the previous book mapped the unequal distribution of wealth and income in Western societies, this new volume explains how this distribution has been justified. It also proposes reforms to make the world more equal and just. Thomas Piketty finds his premise in a proposition from classical political economy: that in all societies there is a distinction between the few who are rich and the many who are not. But whereas his former book proceeds from the notion of Adam Smith and David Ricardo that societies are at their base divided among classes with clashing interests, his new book also embraces Karl Marx' premise that property-owners produce an ideological superstructure that justifies this unequal distribution of wealth. In *Capital et idéologie* this superstructure is the object of a comparative, historical study. Piketty wants to show how different societies have developed different ideologies to justify property regimes through world history.

Design and Argument

The book is divided into four parts. The first part, 'Inequality in History', discusses inequality in late-medieval Europe and shows how it was legitimized by theologians. The second part, 'Slave Societies and Colonialism', discusses societies outside Europe. It examines ideologies that legitimized the extreme ways in which propertied classes—those who even owned other human beings as slaves—added biological arguments to theology to legitimize their privileged rights.

The third part of the book, 'the Great Change of the 20th Century', begins with the two world wars that shook Europe's 'sacred property regime', wrecked the old privileges of the West and destroyed colonialism. New ideologies, derived from e.g. Marxist rejections of private property and social inequality, emerged in places like Russia and China. In the fourth and final section of *Capital et idéologie*, 'Political Dimensions of Conflict', Piketty discusses the post-war era. He shows through tables and charts how the two world wars were followed by a redistribution of wealth and an equalization of property ownership in the West. He also demonstrates how this changed during the 1980s and how Western societies are again marked by an ever-increasing inequality.

The first three parts of the book present much material from economic history, some of which is drawn from the French *Annales school's tradition* on the modern world-economy, the long historical lines (*la longue durée*), and the day-to-day structures of individual societies. These parts are detailed and long. But two things are new: First, Piketty lifts his analytical gaze and discusses societies beyond the West – chapters 6 and 7 examine slave societies in the Americas and in Africa, respectively; chapter 8 is devoted to India. These are rich discussions that add much new information. They also add girth to the volume, which weighs in at over 1200 pages!

Second, Piketty shows how different legitimizing ideologies have emerged in different societies at different times. He uses these discussions from the past to identify ideologies that justify inequalities in the present. Among the justifying terms of today's ideologies Piketty singles out concepts like 'innovation', 'efficiency' and 'competition'. These terms

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help justify the idea that people who own the most property deserve their possessions because they are so much better at innovation and competition than everyone else.

It is in the fourth part that Piketty launches his political fireworks. He repeats some arguments from the 2013 book, *Capital in the 21st Century*. Keeping his focus primarily on the West, he explains how two world wars and the Great Depression destroyed much Western wealth, and how this prompted governments to intervene in the economy, to redesign it and to redistribute income. Thus, the end of World War II inaugurated a period marked by the reduced importance of inherited wealth and by fast economic growth.

This postwar period ended around 1980 with the advent of larger family fortunes, neoliberalism and an age of ever-increasing inequality. Property and wealth now concentrate in fewer hands. Also, the cost of quality education increases in many countries (France, Great Britain and, especially, in the USA) so that only the wealthy are more likely to afford it. Thus, the early postwar period, marked by growth and redistribution, was followed by an era where the rate of return on capital outstrips the rate of growth and where inherited wealth grows faster than earned wealth. Wealth concentrates. And at one point it will reach levels incompatible with democracy, let alone social justice, Piketty argues.

What can be done about it? In the final chapter, 'Elements towards a Participatory Socialism for the 21st Century', Piketty presents several proposals to redistribute property and equalize society. He sees education as a key to social mobility and insists on more equitable access to colleges and universities. He also proposes a progressive tax on inheritance of up to 90 % on the largest family fortunes. His intention is to temporalize them: to ensure that a successful entrepreneur can accumulate wealth during a life-time but that the resulting private fortune will return to society in due course as 'social property'. Piketty believes such a tax is both fair and financially sound. Finally, Piketty advocates a large, one-time citizen's premium: everyone will receive 120,000 euros on the day they turn 25.

Context and Critique

Thomas Piketty is a member of a growing international network that examines the causes and consequences of social inequality. Inspired by the likes of Oxford economist Anthony B. Atkinson, it includes politicians (such as Jeremy Corbyn, Bernie Sanders and Elizabeth Warren) and academics (Joseph Stiglitz and Robert Reich in the US and Emmanuel Saez in France). When British economist Angus Deaton received the Nobel Prize in Economics in 2015, this signaled that inequality deserved critical attention from political economists.

Capital in the 21st Century, contributed to boosting this concern with inequality. The book documented the existence of a 'trickle-up' system, which transfers wealth from the bottom and middle of society to the top. This system has made the richest 1 % of the population steadily richer and left the lower 50 % steadily worse off. In the USA, for example, the top 1 % of families took home about 9 % of GDP in 1970. In 2018 this had increased to over 20 % (as repeated in Table 13.4 of Piketty's new book).

Capital et idéologie adds social and political depth to the analysis of economic inequality. It argues, for example (in chapter 15), that political parties on the left have largely been taken over by members of the intellectual elite in recent years. Since parties on the right have always represented the elite, this new development has left the working and middle classes in a political no-man's land – between what Piketty calls a 'merchant right' and a new 'Brahmin left'. Large segments of the population have been abandoned by their leftist politicians. And this abandonment, Piketty suggests, is a better explanation for the recent rise of populist policies—of Brexit and of Trump—than ignorance, xenophobia or globalization (although globalization of the economy is indeed a mechanism for increasing inequality in the West). Piketty follows up by arguing that the parties on the left could have prevented this rise of populism, had they not lost their way and become parties of the elite.

Piketty's former book, *Capital in the 21st Century*, was an economic analysis. His new one, *Capital et idéologie*, is a political treatise as well. Piketty not only wants to write the history of the legitimizing ideologies of capitalism, he also wants to change the world. In his mind, ideologies are social constructions; they are plastic, vulnerable and therefore subject to change. He believes that by identifying the justifying ideologies of our age and explaining how they work,

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he can make people open their eyes and behold the injustices of the world.

Scholars who criticized *Capital in the 21st Century* are likely to criticize *Capital et idéologie* as well—and to recycle their old arguments. Some will attack the book for its theory—right-wing economists will criticize it for being too Marxist; radicals will criticize it for not being Marxist enough. Others will criticize it on methodological grounds—skeptics will note that the data which displays distributions of wealth may not be a valid indicator for capital ownership. Still others will express suspicion towards Piketty's vast data set, criticizing it as unreliable.

There is, however, no denying that the book is a remarkable feat. As critical theory in the tradition of Rousseau and Marx, *Capital et idéologie* is an impressive and imaginative overview of modern economic world history. Also, it is, despite its massive size, an accessible book. It is rich in tables and graphs but has none of those mathematical formulas that make so many other economic texts impenetrable. It may well become a New Testament on the political left. Terms like 'social property' and 'participatory socialism' are likely to ignite enthusiasm among Europe's left-wing reformers.

As a policy document it is less convincing. Piketty is strong on presentations of the capitalist world economy but weak on its interface with the international state system. If Piketty's proposals are to work, they must be implemented globally. But as long as the world consists of sovereign states, such implementation will run into serious collective-action problems. If France, for example, were to introduce Piketty's tax reforms, chances are that old French billionaires would take their money and move out—thus reducing Piketty's taxes to mere punishments for capitalists who fail to plan for the future. Young people, on the other hand, would scramble to get into France to receive education and their free citizens' premium.

Capital et idéologie was published in Paris last September. It has sold very well. An English translation is scheduled to be published in March 2020 by Harvard University Press.

About the author:

Dr. Torbjørn L. Knutsen is Professor of International Relations at the Norwegian University of Science and Technology (NTNU), Trondheim, Norway. His *History of International Relations theory* is in its 3rd edition (2016). So is his methods-book, co-written with Jonathon W. Moses: *Ways of Knowing: Contending Methodologies in Social and Political Research* (2018).