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# Thomas Piketty, "Capital and Ideology."

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**Thomas Piketty.** *Capital and Ideology*. Trans. Arthur Goldhammer. Harvard University Press year. 1104 pp. \$39.95 USD (Hardcover ISBN 9780674980822).

Thomas Piketty's book, *Capital and Ideology*, is to be understood as a sequel to his earlier text, *Capital in the Twenty-First Century* (Belknap Press 2017). Piketty's earlier text was founded on the economic principle that the rate of return on capital was greater than the actual growth rate. *Capital and Ideology* ventures in a different direction by raising evaluative questions on the issue of inequality as was expressed in different regimes over time. In a copious work of some 1,000 pages, Piketty offers a kaleidoscopic view of how inequality was expressed from the European feudal era to modern times. The structure of societies in the feudal era is described by Piketty as ternary societies structured according to trifunctional lines. In the case of Europe trifunctionality expressed itself as the three classes of clergy, nobility, and the third estate. In the post-feudal era societies were founded on what Piketty labeled as proprietarian within the context of property owning capitalism. The key point that Piketty makes in his historical analysis is that social structures founded on economic inequalities are not morally acceptable and must be addressed.

Piketty's critical point of departure is that the reason inequality has persisted so long in social structures is that 'every human society must justify its inequalities: unless reasons for them are found, the whole political and social edifice stands in danger of collapse' (1). This has been the case from epoch to epoch with the role of justifying ideologies playing a central role. It is for this reason that the term 'ideology' plays such a central role in Piketty's analysis. The other term in Piketty's analysis is 'capital' which serves as the bedrock of his explorations into economic history.

Piketty's explorations into economic history in terms of the idea of inequalities would seem to be purely about economics, so the question then is whether there is any *sub rosa* philosophical content of note. There is such a content in three forms. First, Piketty's approach to economics is evidently in the realm of a paradigm change. The dominant form of contemporary economics is neoclassical economics founded on the principle of 'rational economic man.' Accordingly, neo-classical economics views itself as a 'positive science' as distinct from its applied form as 'normative economics.' The case for economics as a science—having weaned itself away from political economy, which was the dominant mode of economics dating back to the works of Smith, Ricardo, Malthus, Say, and others—was initially made by researchers such as Jevons and Walras. But political economy continued to have its influence. For example, the classic work of Keynes, *The General Theory of Employment, Interest and Money* (Palgrave Macmillan 1936) is a work in political economy. It was, however the work of Lionel Robbins titled *On the Nature and Significance of Economic Science* (Macmillan 1932) that sought to certify economics as an empirical science, distinct from other social sciences such as history and political science. Since that time, economics in the guise of neoclassical economics has set itself apart from the other social sciences focusing instead on mathematically structured models of economic decision-making. It was the critical works of Simon, Allais, Kahneman and others who demonstrated that the behavior of rational economic often diverged maximally from how actual economic agents behaved.

It is on this basis that Piketty engages in a critique of the role that neoclassical economics plays in the social science arena. He writes: 'I am convinced that some of today's democratic disarray stems from the fact that, insofar as the civic and political sphere is concerned, economics has cut itself free from the other social sciences. This 'autonomization' of economics is partly a result of the technical nature and increasing complexity of the economics sphere. It is also the result of a recurrent temptation on the part of professional economists, whether in the university or the marketplace, to

claim a monopoly of expertise and analytic capacity they do not possess. *In reality, it is only by combining economic, historical, sociological, cultural, and political approaches that progress in our understanding of socioeconomic phenomena becomes possible*' (1040). This approach to economics and the other social sciences on the part of Piketty clearly represents a paradigm shift in terms of how economics as a social science should be categorized. Piketty indeed makes an important point on this issue. Ever since its divorce from political economy, economics has become increasingly abstract and removed from empirical reality.

In his attempt to establish credentials for what he labels as 'Participatory Socialism for the Twenty-First Century,' Piketty bases his answer on a quasi-Rawlsian approach to the perennial question about what constitutes a just society (967-71). Rawls's answer to this issue is founded on two principles: 1) the equality of liberties principle for all persons, and 2) the difference principle and the equality of opportunity principle. Piketty is remiss in not discussing Rawls's first principle, the principle of equal liberties for all paying attention to the controversial concept of negative and positive liberties. The issue here, of course, is just how extensive positive liberties should be without infringing on negative liberties. The important question of rights, of course, is involved in this context of liberties. Rawls's first principle, the principle of liberty, is of much importance given that Piketty's text focuses on the topic of ideology. The state socialist societies of the ex-Soviet Union and the People's Republic of China both placed restrictions on individual liberties, which was a highly contentious issue in the conflicts between the West and self-labeling socialist nations.

Piketty would also seem to embrace Rawls's difference principle in that he argues '[a] just society organizes socioeconomic relations, property rights, and the distribution of income and wealth in such a way as to allow its least advantaged members to enjoy the highest possible life conditions' (968). Rawls's maximin difference principle is itself problematic in that he does not specify what exactly would make up the characteristics of society's 'least advantaged members.' In practical terms, the assumption here is that some form of redistribution would be instituted to maximize the life chances of those with minimal resources of whatever nature.

But the Rawlsian program that Piketty endorses is essentially the same program that is implemented in the social welfare capitalist mixed economies of Northern Europe, as those found in countries such as Norway, Denmark, and Sweden. The empirical proof of that approach is that the Gini coefficients of these nations are the lowest in the world with an average of 0.25. Yet Piketty argues 'I am convinced that capitalism and private property can be superseded and that a just society can be established on the basis of participatory socialism and social federalism' (1036). This is in obvious contradiction with Piketty's Rawlsian approach to the issue of a just society. Is Piketty being remiss in not properly considering the critiques and opposition to the abolishing of private property and his ideas on the implementation of participatory socialism, and social federalism? Piketty views this evolution of capitalist society as part of the historical program to fulfill his belief that '[t]he history of human societies can be seen as a quest for justice' (1036). Piketty's rather idealistic approach to the issue of social and economic inequality is that a solution could be had with maximal taxation on wealth, the proceeds of which would be used to reduce inequalities in education especially.

In constructing his idealistic theory of superseding capitalism in order to replace it with 'participatory socialism,' Piketty fails to recognize the fact that cultural, economic, and historical change is often accompanied by violent social conflict. The wealthy classes often wield their economic power to maintain their already existing political class power. For these wealthy classes, justifying economic inequalities is always much supported by members of their class. Their intellectual opponents have usually found that the ensuing clash of ideas often requires a dialectic of political conflict

often evolving into violence. These were the cases, for example, of the French Revolution, the Russian Revolution, and the ‘wars of liberation’ fought by those peoples colonized by the European powers in the last three centuries.

Perhaps the most problematic aspect of Piketty’s text is his unclear definitions of his key terms such as ideology and capital. The term ideology—first used by Destutt de Tracy (title 1796)—is to be defined generically as a set of ideas that make comprehensive claims about any sociological topic that do not have firm epistemic groundings. The term grew in importance during the era of Marx with his claim that it was the material and economic conditions of society that determined its ideology. Piketty, however, rejects this orthodox Marxist argument with the following: ‘I insist that that the realm of ideas, the political ideological sphere is truly autonomous. Given an economy and a set of productive forces in a certain state of development (supposing that one can attach a definite meaning to those words, which is by no means certain), a range of possible, ideological, political, and ideological regimes always exists’ (8). Piketty explains his critique of the Marxist claim with the claim that ‘it fails to explain the differences that exist between and within colonizing and colonizing regions’ (8). Piketty is in error in this instance because different material conditions do determine different ideological belief structures—if only qualitatively. Furthermore, Mannheim’s *Ideology and Utopia* (Routledge 1929/1936), a pioneering work in the sociology of knowledge, shows that every ideology is anchored on to some sociological base—including the Marxist ideology. Thus Piketty’s list of six ideologies—proprietary, social-democratic, communist, trifunctional, slavist (*esclavagiste*), and colonialist—must have been anchored on specific social-material conditions.

Although the term ‘capital’ figures prominently in the title of *Capital and Ideology*, Piketty offers no firm definition of such. The term ‘capital’ is the source of its cognate term ‘capitalism,’ which generically refers to an economic system according to which individuals with capital—financial or physical—make investments that promise to make monetary gains on the sale of their products. Those gains are called profits, and have been central to the ideological discussion of its structural nature. The ideology of socialism was developed in response to the non-equitable economic results of capitalism. Consider the works of Owen, Fourier, Proudhon, Marx, et al. But the lexical error that Piketty and others make is not recognizing that all economic systems are capitalist. This so, even states that label themselves socialist or communist are in fact *state capitalist*.

In sum, Piketty’s book is useful in the sense that it reflects the *zeitgeist* concerns about inequality in a context where definitions of inequality abound. There are academics who would see Piketty’s claims about hypercapitalism as exaggerated and support this version of capitalism as necessary for economic activity in the context of economic globalism. Others would disagree vehemently. Piketty’s work is also noteworthy from the point of view that it announces a justifiable paradigm change in that the independence that economics claims from the other social sciences is ontologically unsupportable. A genuine economics is best expressed in the guise of political economy as *Capital and Ideology* seeks to demonstrate.

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