

Contesting Piketty: An Extended Review

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Thomas Piketty *Capital and Ideology*, Cambridge Mass.: The Belknap Press of Harvard University Press, 2020, pp. x and 1093, plus Technical Appendix at <http://piketty.pse.ens.fr/files/AppendixKIdeology.pdf>

Over the past two decades, the product Marmite has gained something of a celebrity status. Its springboard to prominence has been its use as a metaphor as something you either love or hate, an instrument for discerning differences in taste. On this foundation, as with other celebrity products, it has been used to endorse any number of spin-off products, with the British presumably particularly susceptible to cheesy Marmite sprouts.

There is something of the Marmite about Thomas Piketty and his work. He has shot to celebrity status with the publication of Capital in the Twentieth Century in 2014, a bestseller from a dry, French, academic economist. Neoliberals will hate him for his unsavoury main message, and progressives tend to love him as he points to the growing inequality of wealth during the neoliberal period, and he proposes wealth taxes and global cooperation to address it. But there is a bit more than yeast and salt to the Piketty phenomenon. Indeed, it is more akin to a whole Department Store of Marmite-like products, especially in light of his latest book, Capital and Ideology, another doorstopper at over 1000 pages. Indeed, if even more so than Marmite with its heavy dose of unhealthy salt but healthy dose of vitamin B, unpicking the ingredients that make for Piketty reveal an irreducible mix of things to love and to hate according to your intellectual and political tastes.

Let us take a tour of the Department Store, starting in the bargain basement, dedicated to method and theory. Piketty's inevitably disputed, but undisputedly positive, contribution has been in (the complex and demanding) measuring of wealth inequality across time and place in a voluminous research programme with collaborators over many years. This has allowed him to observe how broadly inequality increased prior to the twentieth century, declined from the First World War to the stagflation of the 1970s, only to return with a vengeance since then. His goal is both to explain corresponding historical trajectories and to offer remedies for the future. In doing so, he offers a number of methodological starting points.

First, Piketty both believes in grounding analysis in empirical realities (love it) and recognises that the facts do not speak for themselves and are insufficient in and of themselves in the absence of reflection (ditto). In this, he explicitly takes mainstream economics as a critical point of departure, in light of its abstract, deductive, mathematical modelling (for which he purportedly has little time but no one gets anywhere as a mainstream economist without – at least in capacity and practice – having played that game), and for which (empirical/statistical) evidence merely serves as means of external reference point for (almost inevitably positive) validation. This is, of course, appropriately devastating for the dismal science but,

from the perspective of other social sciences and of those dedicated to the study of methodology itself, the book has very little to offer. This is especially important given that the book under review deals in major categories of the social sciences such as ideology, the global, the state, national (and other identities), class, race, caste, gender and ethnicity. These are rarely critically examined and clarified as methodologically and theoretically informed variables. They are more or less taken for granted (with “capital” itself the leading example) unlike the empirics dedicated to them.

A notable exception is his taking time off to dismiss populism as a conceptual category, pp. 962-65. The reason for doing so is the legitimate observation that, in the round, it involves what are often mutually inconsistent elements across its application and content – the most obvious example is that of populism’s tendency to support individual freedoms (for some but not others) coupled with state authoritarianism. But surely the inconsistencies that are characteristic of populism conceptually and in practice are part and parcel of what it is. Populism needs to be critically deconstructed and contested, not necessarily dismissed. The failure to recognise this suggests that Piketty may have a very simple notion of ideology, one in which it is subject to consistency and even scholarly standards over which there may be disagreements and right or wrong, rather than its being the contradictory (and hence inconsistent, incoherent even) reflections of material realities, practices and interests. This may also underpin his posture that ideology is both determining and autonomous (on which see below).

More generally, it is unclear methodologically what is the driving unit of analysis – is it the individual, the nation or the global – methodological individualism, methodological nationalism or methodological holism, quite apart from the mix of socio-economic and socio-cultural categories given the importance that he assigns to the formation and influence of (primarily intra-national) identities. Piketty moves seamlessly between these categories as, at least in part, his underlying methodology lies elsewhere specifying in his own way what would from a Marxist perspective be a way of defining distinctions between modes of production. In place of relations of production, we have broadly-conceived property relations. Their role in history, if implicitly and possibly unconsciously, is projected back from what is taken to be contemporary “hypercapitalism” in which the “borders” of ownership society (who belongs and is allowed to own what and how) have been extensively stretched. Both in the past and in the twentieth century, corresponding borders were constrained by the overlap of politics and ownership since, in premodern societies, political and property regimes are deemed to coincide, variously making up slave, colonial and ternary formations (the latter negotiating relations between the clerical/religious, the noble/warrior, and the labourer/commoner). In the twentieth century, the drive towards hypercapitalism, evident in the nineteenth century, has been thwarted by social democracy and communism, and their reactions against the inequality that derives from ownership.

But what drives such grand historical change, the counterpart to the forces of production within schematic Marxism. At times explicitly, Piketty brandishes a two-sided banner on a march against inequality which is itself seen as decisive in defining and driving the passage from one period of history to another. One side of the banner privileges the role of ideology and politics - "Inequality is neither economic nor technological; it is ideological and political", p. 7. As a result, Piketty's history is one in which glaring inequalities and the like are subject to the dynamic tensions of self-justification of the indefensible inegalitarian. He perceives each society as developing its own sense of (contested) social justice in ways that do not necessarily reflect other social (or economic) determinants. Indeed, "In contrast [to Marxism], I insist that the realm of ideas, the political-ideological sphere, is truly autonomous", p. 7. In this way, history becomes a contest of reconciling growing ownership society with the ideology and politics attached to the aversion to inequality.

Such grand postures, lacking precision in meaning let alone veracity even by casual knowledge, are both scattered across his book and contradicted within it by his own detailed analyses – through which ideology and politics are shown not to be autonomous and the economic and technological vital in influencing inequality. And, at the end of the day, and certainly in human history, is it not the commonest response to (growing) inequality to seek to ignore it altogether rather than to highlight and justify it? Or simply to rely upon the maxim that might is right and social justice can go to hell as the luxury of the moral philosopher? Inequality, as Piketty only knows too well, has to be put on the agenda; it is not there as a matter of course. Indeed, it is the most unequal societies through history that are most likely not to rationalise, but brutally impose inequality without justifying it unless forced to do so.

On the other side of Piketty's banner is the rejection of determinism, reductionism or whatever. This has two closely-related aspects. On the one hand, history is deemed to matter in terms of the ideologies and politics handed down from previous property relations and their accompaniments; on the other hand, whatever the situation, things could develop differently. Thus, in the context of the rise of Reaganism and Thatcherism, "As usual, however, it would be a mistake to interpret these trajectories in a deterministic fashion. These long-term intellectual and ideological shifts were important, but there were also many switch points where things might have taken a different course.", p. 836.

But if history and context matter – and who could disagree – this raises the more precise issues of how much and in what ways. In this respect, it is time to shift from the basement of our Marmite store, to the mezzanine of interdisciplinarity, and the ground floor of the social sciences. On interdisciplinarity, Piketty departs from mainstream economics, or apparently so, not only by his aversion to mathematical modelling but by his readiness to include other forms of discourse (organised around the evidence) and non-economic factors alongside and even privileging insights from other social sciences. Many love this but is he pushing against an

open door with his taste for being more rounded? Indeed, does he go far enough in his openness and how much of a break is it from mainstream economics?

For mainstream economics has long had varieties of relations with other social sciences, that I have dubbed economics imperialism. Initially, it sought to treat the non-economic as if it were economic – everything is as if a perfectly working market if we would but acknowledge it. Subsequently, economics understood the non-economic as if it were a response to imperfectly working markets (institutions, including the state, exist to put the market right whether they do a good or bad job). Currently, economics imperialism is characterised by taking its own theories based on more or less perfectly working markets and supplementing them, however consistently and coherently, with whatever factors it cares to purloin from the other social sciences – with behavioural factors to the fore, most notably in the psychology of herding in financial markets or “nudging” as a policy tool for correcting the supposedly individually irrational or socially irresponsible.

This latest phase of economics imperialism is itself often welcomed as a form of progress but it is more appropriately seen as a telling indictment of mainstream economics – not for its previous interdisciplinary insularity as such but for its inability to address economic realities on its own terms whilst refusing to be more open to other economic approaches. As it were, the Global Financial Crisis has left us floundering, so let’s supplement, not question, our pre-existing theories by piecemeal plunder of the other social sciences and otherwise leave our economics unquestioned.

In his own idiosyncratic way, this is a view that can be taken of Piketty. First, in terms of his own economic theory, as was observed by many critics of his earlier volume, it does not break with, and even employs, orthodoxy. In particular, he drew upon the (in)famous formula $r > g$ (rate of return on capital is greater than the rate of growth) to explain why inequality of wealth should grow (especially for those who inherit). This does not appear in his second volume but nor is there any economic theory to substitute for it – and certainly no theory of “capital” despite its titular presence across both books. Rather, he offers more of a focus upon how the non-economic redistributes from whatever unexplained distribution is determined by economic (or other) factors in the first place. This is clearly unsatisfactory as a theory of distribution or, indeed, of redistribution since without the former we remain uncertain how it influences the scope for, and outcomes from, the latter. It is all very well expecting a more progressive ideology and/or politics to redistribute but from what base and, again as Piketty is only too well aware, the more the wealth the more the (negative) political and ideological influence over its redistribution. In short and ironically, on the mezzanine, interdisciplinarity offers limited scope for economics (or political economy) as such and tends to embrace other social sciences in ways that are inevitably selective if not arbitrary.

In particular, moving to the ground floor, and its sectional organisation into disciplines, history by far takes the most space, more than all other disciplines put together (with more for literature, say, than geography other than as the places

where history takes place rather than urbanisation or land other than as an asset contributing to wealth). We are offered select histories from around the world, good, bad or indifferent, and more or less detailed, organised around various countries and regions, drawing upon the property ownership methodology previously outlined. As a result, what emerges is a very deterministic approach, Piketty's claims to the contrary, based upon imperatives that conflict with one another. One is, as mentioned, the increasing reach and concentration of property. But this can be counterbalanced through social democratic reactions especially emanating from the class of labour. But as property ownership becomes increasingly global so each nation competes with others to retain capital within its borders, thereby undermining the capacity for social democratic policies based on redistribution through taxation. This, in turn, has two effects – one is to weaken and undermine social democracy and the other is to substitute the politics of identity for those of class. This has all played into the hands of hypercapitalism, or (globalised) neoliberalism as it is more commonly termed by most of us today.

Thus, first, historically, we witness the triumph of ownership of capital until around the beginnings of the first world war, after which there is a watershed in which social democracy begins to take over, reducing inequality until the second watershed arising out of the collapse of the post-war boom and the emergence of neoliberalism. Second, inevitably, this simple scheme cannot fit the historical record, so history matters more to allow variation in the timing and substance of outcomes – although, insofar as we can quantify these things, it would be hard in general to argue that the interlude of the more social democratic period of dispositions was more favourable to the politics of identity than currently (especially around racism and sexism, although these have their hotspots of resurgence across the globe in the neoliberal period). Third, then, this means that the long historical narratives in which Piketty engages are, to a large extent, superfluous. All that matters is the contemporary configuration of classes and identities, and their corresponding cultures and politics. Otherwise, how they got to be the way they are is of limited significance. Fourth, admittedly and on the other hand, history serves a different purpose and imperative for Piketty, as already mentioned, that it demonstrates that things could be and have been different since his histories are designed to reveal diversities of outcomes. Yet, those diversities seem to be very limited around the core dynamics.

These core arguments, and the rationale for the expressed reservations over them, are neatly summarised as follows, adding that the wealth (class) side of things wins only if the “identitarian cleavages” can be overcome, emphasis added:

We find the **same pattern in virtually every region of the world**: the **identity cleavage deepened** ... while the **wealth cleavage weakened** and criticism of wealth became muted. Yet ... the variations from society to society remain significant. No deterministic explanation can account for such diversity: what matters are social

and political mobilization strategies. Here, the long-term comparative perspective is essential”, p. 959.

As mentioned, it seems as if the shifting relative strengths of the cleavages are deterministic of the ideological postures on, and hence actual loss, of wealth redistribution under hypercapitalism but, at most, there is variation around, and not of, this shift away from redistribution in light of history for which a long-term perspective seems far from mandatory. Indeed, we are also informed that “historical change stems from the interaction between ... the short-term logic of political events and ... the long-term logic of political ideologies”, p. 113. This is indicative of a very loose notion of history as the long term (a way in which economists actually dispense with the need to take history into account at all) which is as long and short as you like (a week in politics ...). As it is also suggested that the variation in case of India and Brazil is represented in the political realm by the (exceptional) persistence of class over identity, one wonders how well the historical and contemporary signs of class, religion, race and ethnicity have been read.

This is already to have moved from the history to the politics section. Here reference in the long quote previously to the importance of “social and political mobilization strategies” is entirely misleading. It is one of very few references to political and social organisations and conflicts other than in the electoral domain. Indeed, a major part of the discussion of the stage prior to that of hypercapitalism, and to neoliberalism itself, is taken up by the reduction of politics to psephology and, in particular, how working class votes have been won to and then lost in the battle for redistribution by being captured by the appeal of identarianism whether by virtue of nationalism, racism or along ethnic or religious lines.

This is, then, across our watersheds, an account of the rise and fall of social democratic parties especially as Piketty views these, and the societies they bring about, as being not only socialist to some degree but also other than capitalism. Thus, between 1914 and 1945, “The collapse [of ownership societies] was so complete the nominally capitalist countries actually turned into social democracies between 1950 and 1980 through a mixture of policies including nationalizations, public education, health and pension reforms, and progressive taxation of the highest incomes and largest fortunes”, p. 486. The determining factor in “the disappearance of European ownership societies”, p. 429, was reaction against the challenge of socialism/communism; the twilight of colonialism, and the exacerbation of nationalism and racism. Even so, again and again, we are told that the failure of communism was itself a major factor in the ideological renewal of ownership society (although there might be thought to be a problem with timing as neoliberal hegemony predates the collapse, and most severe discrediting of the Soviet bloc, and do we really believe the Cold War would not have happened irrespective of the virtues of actually existing socialism?). And social democracy itself is also blamed for being too faint-hearted, Blair as exemplar, for failing to address redistribution of wealth and greater social participation in ownership and control. For “social democracy, for all its successes, has suffered from a number of intellectual and

institutional shortcomings, especially with respect to social ownership, equal access to education, transcendence of the nation-state, and progressive taxation of wealth”, p. 576. A major reason for this is seen as unequal access to higher education, both reinforcing wealth inequalities and gentrifying the leadership of social democratic parties. And, to some extent, the failure to develop co-management at places of work is seen as the result of pursuing what was perceived to be the supposedly more radical goal of public ownership without attention to co-management.

This does, however, seem to justify to Piketty without further discussion a limited role for public ownership as opposed to wealth redistribution with co-management – the pursuit of a more egalitarian capitalism. But why can public ownership and co-management not be pursued in tandem? Indeed, politically and strategically, they might be seen as potentially reinforcing one another and only liable to be sustained in practice by co-existing with one another.

In the sorts of propositions put forward by Piketty, there is much to engage both sociologists (around stratification, mobility, and their implications) and anthropology and cultural studies for their takes on identities. Yet, the selection of Marmites on offer in these respects are extremely limited with more or less casual observation around how various (political, ideological, educational, identarian and inequality) regimes mutually condition one another, and voting patterns in particular. The remorseless, if apparently resistible, drive towards hypercapitalism is a consequence of the global reach of property ownership and the intranational fragmentation of social democratic resistance by virtue of the politics of identity rather than class (of the dispossessed).

This is to move to the top floor of policy alternatives (but see above on why public ownership does not occupy a prominent place). Piketty’s posture is relatively simple – given his disappointment with social reformism as yet, and his dismissal of communism, with the following representing his mildest presentation, “The Soviet failure is also one of the main political-ideological factors responsible for the global rise of inequality in the 1980s”, p. 579. Instead, he is a proponent of the golden age of Scandinavian social democracy **plus**. What he wants is to add a wealth tax, higher education for all, and social ownership, in part at the workplace and in part through redistribution on a continual basis – although, unnoticed, this is disadvantageous to those in employment (or not at all) where ownership is not involved, as with state and subcontracted and casualised jobs, thereby liable to worsen inequalities. How this is to be achieved is primarily derived from the twin propositions of the determining role of ideology and that history and variation shows alternatives are possible. Unity by class (the dispossessed) must win against identitarianism. Further, analytically and strategically, he is mindful that his goals cannot be achieved in the absence of global cooperation and administration, and much energy is spent in highlighting the inadequacies of both the powers and the democracy attached to the EU – he seeks social federalism on a global scale.

Throughout the book, though, there is a blinkered vision of contemporary realities in part due to the abiding focus on inequality as the prism through which all else is reflected, if not refracted, and in part due to the idiosyncratic selection for inclusion of some factors to the exclusion of others. As already remarked, the role of social movements, rather than, or even through, electoral politics, as the harbinger of change is more or less absent even though neoliberalism has witnessed the swingeing decline of the strength, organisation and influence of the trade union movement. Similarly, beyond higher education, the role of social provisioning – in housing, health, transport, energy, pensions and so on – is equally notably neglected not only as a source of inequalities in and of themselves and in wealth as a consequence, but also as strategic levers for organising for alternatives alongside wages and working conditions. Equally, the role of financialisation is mentioned in limited fashion and only in passing even though this has played the major role in underpinning what he terms as a “Hyper-financialized world” p. 644, without further analysis. Yet financialisation has been key in appropriating an increasing scope and degree of influence over economic and social reproduction, from the global to everyday life, from the economy through the media to the revolving doors of ownership, consultancy, advisor, and politician. The decline of progressive social movements alongside their marginalisation in participating in decision-making has followed from the increasing authoritarian centralisation of decision-making under neoliberalism, alongside a faux decentralisation of responsibility without resources. In these respects, the EU is the rule not the exception, and even its detailed doing over of individual countries, with Greece to the fore, is notable for the failure of solidarity protests from other self-sidelining national governments and movements. There is much more and much more important to all of this than identity politics ruling over class politics in elections.

But, despite intentions to the contrary, I have wondered away from dealing with Piketty as Marmites as such to Piketty as **not** some other relish, whether gentleman’s, peanut butter, marmalade, jam or even confiture. We do get some understanding of what Piketty is by highlighting what he is not. And, in response to his earlier book, a whole industry of mini- and street markets gathered around the department store to peddle their own versions of what he did or did not have to say, what was right and wrong about it, and offering their own alternatives. Such is the price to be paid for being a celebrity – although detractors, and even supporters, love to point out that Kindle readers have rarely gone beyond twenty or more pages of his earlier 700-page text (itself cut by 200 pages for the translation), a coffee table download for the dilettantes. Across all the social sciences, Piketty has offered extensive scope for agreement or disagreement, and gratitude for bringing inequality to a discipline’s attention with regret for past neglect.

Yet, it still remains a mystery why Piketty should have shot to such prominence, with interest spreading globally from origins within the United States once hitting the New York Times bestseller list, even outdoing fiction. Reasons include: timing, with his book coming in the wake of the global financial crisis and exposure of, and intellectual antipathy to, the undeserving wealthy; the sharp challenge to dominant

self-serving elite ideologies around the efficacy and justice of market rewards (even where inheritance and privilege are shown to be key); the trigger point of inequality itself; the appeal to middle class sensibilities in blaming those above them in the wealth and income hierarchy and sympathising with those below; Piketty's well-deserved and enviable status as a mainstream economist dedicated to uncovering empirical realities and drawing out their implications; and so a secure presence within mainstream thinking and scholarship even if drawing unfashionable conclusions around wealth taxes. None of this seems to suffice to explain the Piketty phenomenon – why inequality, why him, and why so strong. Perhaps in a world of celebrities and K-pop, it had to be something, and this predominates over who or what happens to be the chosen one or thing.

By the same token, celebrities rise and fall, and the chances are that this volume is a doorstep too far, and too close in thrust and, to some degree, substance to the earlier hit to sustain popular appeal. But what will be the longer-term consequences of the Piketty phenomenon? As many have commented, the main short-term effect has been to put inequality on the agenda as well as correspondingly progressive policies. Sorry to say that, despite Piketty's own posture that ideology (and scholarship) is a, if not the, determining factor, within his own domain of progressive economists (with one foot in the mainstream) the evidence is to the contrary. Whilst the likes of Stiglitz and Krugman, Nobel Prizewinners and longstanding, energetic and popular pundits have been highly influential intellectuals in the domain of seeing the world as one of imperfectly working markets, their influence on policy has been negligible if not non-existent.

But what of the more limited scope for shifting the world of scholarship and ideology itself as a knock-on effect, with the extent to which it is taken up in policy (and broader social transformation) contingent upon the organisation and strength of labour and social movements for alternatives (something that goes beyond and differs in many respects from Piketty's plea for the subordination of identity to class politics). This will depend primarily upon developments within one discipline as opposed to another despite Piketty's own commendable commitment to interdisciplinarity.

Here, the evidence from economics itself is instructive. Paradoxically, interest in inequality was considerable just before the rise of the neoliberal period, a gift from the social reformism of the post-war boom, and just as inequality had enjoyed its long period of decline. A pioneer in the field was Amartya Sen, in part awarded a Nobel Prize for his related work in social choice theory which has strong affinities with measuring inequality. A major element for mainstream economists in the appeal of studying inequality, and highly characteristic of early work, was not only attention to the empirical details of what to measure and how, with what results, but also the technical details of measurement. This is in part an exercise in statistical theory but substantively it involves making interpersonal and intra-personal comparisons. How much is more income to be evaluated to be worth to any particular individual and how much is it worth relative to richer and poorer individuals (with an aversion to inequality suggesting more income to the poor is

worth more to them the poorer they are themselves and the poorer they are relative to the rich).

Such concerns, in a social reformist environment, briefly allowed for a bright light to shine on inequality studies, not least promoting Sen to prominence as an economist. As Sen himself embarked upon an intellectual trajectory that took him through entitlements, capabilities, and freedom, his more rounded approach (engaging moral philosophy in particular) left him high and dry as far as mainstream economists are concerned. At most, inequality within mainstream economics continued to tread the same concerns from which Sen had moved on, marginalising itself within the discipline and from interdisciplinarity. Accordingly, the most likely response to Piketty within mainstream economics is liable to be the formal modelling and estimation of his supposedly non-deterministic propositions outline above, the form taken by economics imperialism in the contemporary period as previously suggested – even if this would not be to Piketty’s own taste. Indeed, such modelling is already up and running prior to and without the need for prompt from Piketty – let us not forget the freakonomics phenomenon that has inspired a shopping mall of department stores, or the economics of everything for sale.

In this light, Piketty represents a major breath of fresh air for his commitment not only to a more radical social reformism, but also to interdisciplinarity and the rejection of the methods and substance of mainstream economics, no matter how far and in what directions he himself goes with these. That he does so at all, and is celebrated, is significant. Inequality may have been the banner on which these scripts have been written and taken up but they are of much broader relevance, not least for issues that Piketty has barely touched upon or overlooked altogether. Further, France itself has a long tradition of radical political economy, interdisciplinarity and public and progressive intellectuals. But these, especially political economy, have been heavily and acceleratingly eroded over the past two decades thanks to the unremitting control and hostility of a now dominant French establishment of US-trained mainstream economics within the country’s universities, with central control over leading professorial appointments. By remaining aloof from the well-organised struggle to bring formal recognition within the French higher education system to retain and strengthen the continuing traditions of political economy, Piketty has failed to put into practice the targeting of the ideological that he sees as the key to progressive change, not putting his new-found prominence to work within economics upon his home turf. Yet, he also confesses to have become more radical over time – “I was initially more liberal and less socialist than I am now”, p. 1039, and his new book displays implicitly a ready willingness to come to terms with criticism. So hope springs eternal that he will throw his weight behind those who might follow the path taken by his own tentative footsteps as well as establishing broader and sounder foundations, beyond considerations of inequality and its interdisciplinary and historical correlates alone.

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