

Book Review

Thomas Piketty

Capital and Ideology

Cambridge, MA; London, England: The Belknap Press of Harvard University Press, 2020

Reviewed by: Donald R. Officer

Capital and Ideology is the second detailed work by French economist Thomas Piketty devoted to that mysterious predictably unpredictable force which shadows and foreshadows so much of our lives. Six years earlier Piketty's first epic foray into analyzing capitalism as a dominant contemporary presence earned him wide attention among readers usually preoccupied with "... celebrity/political biographies, heart-throbbing romances, heart-stopping crime/spy novels or fatuous self-help books that pretty much define popular literary taste." In these words, Howard Doughty describes the phenomenon of this unanticipated best-seller of 2014 in his TIJ review of *Capital in the Twenty-first Century* published that same year.

Given all that has happened since, Piketty's trenchant observations in the earlier volume have become a precedent for a certain strain of macroeconomic analysis. His ideas have been legitimated or more accurately, normalized with the caveats that come with their continental origins. The newer book appears to have been well enough received, but without the astonished stir which came with the release of the older one. That's a shame in a way as I will try to explain.

In *Capital in the Twenty-first Century* the author describes the steps leading to the blossoming of the market-based institutions which now dominate contemporary global economies. As accounts tell us, the eighteenth century marked an era of intellectual renewal characterized by the full flowering of the age of reason, a serious revisiting of multiple old orders and subsequent disruption. In his 2014 work, Piketty, who might best be described as an economic historian, directs by his own admission most of his observations towards the West, explaining the intervening years between then and now using that familiar framework. The conclusion he wanted us to draw a half dozen years ago was that the entrenched capitalism we see thriving in our times held within itself several dangerous self-contradictions from the start.

Piketty has not changed his mind since. What's different about his new book is not so much the interpretative lens he uses, but the landscape he casts it over. Not only is his breadth of coverage broader, sampling socioeconomic orders from across the globe, but his timeline also goes much further back as he fleshes out representative models. The common thread in the early part of *Capital and Ideology* is the redistribution and recalibration of authority starting with the post-medieval period, then followed by new forms of and greater liquidity in wealth. The second part of this book chronicles the experimentation and adjustments which followed, taking us to the present. Sometimes complicated, sometimes repetitious, the full story of modern capital must be told in sufficient detail to provide readers a context for functional understanding.

Europe for certain, but also many other societies have dealt with something like a ternary or trifunctional order dividing communities into clergy, nobility and everyone else. Common folk therefore answered to both spiritual and temporal authorities while the secular-spiritual divide established other boundaries. The breakdown of this order, Piketty argues, began the shift to modern economies. Although he does not dwell on all the whys which contributed to the breakdown, we are already fully aware of the global explorations, military ambitions, movable type, pandemics, trading opportunities, technological transformations plus the chafing of the average peasant under feudal restrictions. It's hard for us to imagine the burden of the complex rules which governed both daily life and cradle to grave obligations in those dimly recollected times.

Nature, it is said repeatedly, abhors a vacuum. Power seekers assuredly do. The decline of clerical authority and the fading regulatory regime of the manor accompanied reformation, parliaments, serious military restructuring and wide dissemination of the printed word. Yet all this change did not imply wholesale disorder even if the transition was rough and ready. People first became uncertain of their roles and untethered opportunists were happy to give them new ones. Coalescing nation states taking shape as they fought it out among each other for wealth, power and territory, created a world of intense, ruthless competition among each other. That struggle continues although the battle lines are usually better disguised today

Piketty marks this march of recent centuries from an economist's perspective. It heralded shifts of enormous consequence beyond the obvious. Society moved from an order dominated by traditional regulation and obligation to one he calls proprietarian. The disentanglement of earlier forms of privilege, domination and unforgiving regulatory power to the ownership forms we see today, released populations from both duty to both a liege lord but also from a form of moral thralldom to the church, temple or mosque. This basic pattern was not unique to Europe.

Ternary order was defined though not without accommodations. Sometimes, for example, Christian clerics also held positions in the secular hierarchy. The mace was made a weapon of medieval war in part so bishops could fulfill combat duties to their overlords without breaking religious vows that forbade drawing blood. Power once gained is grudgingly relinquished or shared either at the individual or institutional level. This continues to be affirmed in multitudes of ways across ideological and theological differences both forcefully and by more devious means. While the value of innovation is recognized, few participants in almost any economy can effectively access it because of governing laws and customs. Consequently, the story of the intricate worldwide economic system we live under remains one of persistent inequality.

With an unrelenting commitment to research, comparison, charting and graphing Piketty provides us with an extraordinary panorama of the doleful themes of multiple inequality regimes. The most extreme are slave societies where more people than not are outright chattel. Next come serf societies offering a minimal extension of subsistence rights in exchange for inherited obligations to the landlord who is generally also law enforcement and final dispute arbiter for his or her estate. This system really made tenants part of the real estate. As feudalism broke down and real estate became more a means to rather than the only real embodiment of wealth, serfs fled to the towns for better lives. Landlords likewise gained freedom to evict tenants for economic reasons of their own. Consider the highland clearances for example.

Whatever the hopes or intentions we have for reforming jurisdictions throughout the world, we have lived and continue to live in inequality regimes. Old orders die slowly (or quickly sometimes) but always leave traces of what preceded them which create cultural disruptions carrying their own complications. The ternary world of the past (clergy, nobility, common folk) lingers in today's regimes in the form of figurehead monarchies, archaic tenant law, inherited wealth, preferential tax codes, entrenched caste systems, powerful networks etc.

Whatever the social landscape, inequality drives competition and vice versa. This cycle provides continuous churn that sustains order and subdues dissent. Utopian ideologies which claim they will someday take communities beyond that treadmill have so far consistently failed to do so. This is not news. What makes Piketty's recounting interesting is his explanation of how inequality persists in large part because of deep-set institutional habituation. From absolute monarchies to totalitarian dictatorships, the authoritarian mindset is the purest expression and perhaps the default condition of every unequal society. However, the fact that change does emerge along with evolving styles of inequality – including regimes where harmful effects are significantly reduced – introduces possibilities we might reasonably hope to see taking hold.

Nor is all competition undesirable. Neither does absolute equality offer anything very meaningful if it perpetuates bland conformity or half-hearted participation. Unfortunately, the wealth extraction cycle we find ourselves caught up in our time in is at risk of becoming increasingly dysfunctional and toxic. The competitive treadmill is most dangerous nation to nation where military grade solutions remain easy to introduce. Excessive stress on unforgiving performance at any level damages temperament, esteem, health, imagination, family, community, environment, even the production of material wealth itself over time.

We are already or should we say again, beginning to see the ugly divisions out-of-control inequality spawns. As identities around the world become threatened in different ways, we lose sight of looming shared threats like the current pandemic, climate change, forced migrations, multiple shortages, employment loss, intergenerational schisms and the degradation of the entire international economic order. Ironically, the kind of collective experience being forced upon us such as COVID 19 generated isolation is only temporarily and superficially bringing people together in the unsatisfying way that misery yearns for company. But it may force cooperation.

The above three paragraphs are mostly my observations. Piketty prepared most of his material before we were overwhelmed by the global crisis of recent months. His case is already made by the contradictions he exposes in contemporary capitalism in *Twenty-first Century Capitalism*. In *Capital and Ideology*, he further develops the story of roots and trends. In predicting future economies that will encompass the common good and modify “winners take all” social orders he may be too hopeful. Economics like politics and multiple other modern social institutions functions as if it were a system unto itself as it functionally is. Human institutions are self-generating or autopoietic systems even though they intersect. Thomas Piketty's research reveals that knowing the functions of productive engines which facilitate valuable outcomes is overall a positive. He also seems to assume, like Adam Smith perhaps, that our institutions self-regulate as processes respond to excesses.

Will a free market rein in the excesses of inequality? In accord with other economists and policy makers, Piketty believes that is unlikely as things stand today. Neo-liberal globalization

still maintains a stranglehold on local policy requiring cost cutting, suppressed wages, tax breaks and reduced public investment simply to keep local economies in the world-wide game. We've experienced nearly 50 years of such confining strictures. Trade treaties stipulate that signee nations stay within such straightjackets.

Why? Two reasons loom large. First, the automation of investment information. Capital was free to travel with the advent of the internet. One writer who saw the implications of a world where investment money knew no permanent home was British author Diane Coyle. In her 1997 book, *Weightless World* she wrote of the plight of the entire international business community suddenly compelled to deal head-to-head with remote and often radically different forms of competition for capital, means of production and markets. Unfortunately, as Coyle explains solutions are far from simple. Doubling down on scaled efficiencies, further automation and other paths favouring the powerful and well-placed has, as predicted, proven to be the default.

The pressure these measures plus other forms of insecurity place on governments responding to citizen demands for fairer wages and steady employment has forced nations into cutthroat competition. From Piketty's perspective these developments forestall research initiatives into measures that would reduce the exponential growth of inequality. Instead, innovation is either directed or swallowed up by compulsive profit taking. Coupled with a persistently simplistic view of how economies work and components dependent on both healthy populations and sustainable ecosystems, the world finds itself enduring an expanding problématique presenting multiple wicked problems we can't hide.

The social sciences have only recently been in positions to access the kind of substantial knowledge base and applicable tools long available to the 'hard' sciences. Many decades ago, W. H. Auden facetiously commanded, "Thou shalt not sit/ With statisticians nor commit/ A social science." The context was an address to recent Harvard graduates and contained many other admonitions, but these are the ones people remember. Yet here we are uncomfortably into another century discovering how necessary those numbers truly are and indispensable those human facts will become if we expect to see many more centuries. Piketty produces the statistics and documented cases in pages of examples if anyone wonders.

As we hear daily, wherever we go for news, suspicion of governments and 'systems' is accumulating in terrible proliferation. Whatever position on the big topics you take, you know that a significant segment of the electorate will disagree, many to the point of creating obstacles to whatever policies address upcoming pitfalls. Some of the time the plans and policies will not be good enough. Most people believe the processes we build should be participatory. Everyone hopes they will be effective.

The big pitfalls include habitual persistence in creating inequality outcomes, continued intense competition among nations, reluctance to accept the need for some form of wealth redistribution, unfair access to educational opportunity, other institutional forms of bias and irrational disregard for the protection of the common natural heritage. Without progress on these fronts, we will not know what an economy is for let alone how to improve it.

Having laid down a carpet of socioeconomic history in a context that documents important parallels or variations around the world, Thomas Piketty offers a few options for the

future. Although as a scholar and an egalitarian democrat he foresees serious complications, he believes world societies are moving towards negotiated forms of egalitarian social justice. Some would call that socialism, but it would not conform to any preset ideological template because it must also be democratic and respectful of evolving traditions wherever it arises.

In this balanced proposal to create sustainable living conditions for citizens around the globe, Piketty asks very little yet paradoxically a lot of all of us. The usual superficial fixes offered represent the low hanging fruit approach that accompanies our naïve reflexive optimism. Earlier I read an article about what happened to west Africa after the transatlantic slave trade ended. Whole native African empires built on the capture and trade of nearby tribespeople collapsed. New political orders arose, also built on slavery but this time using involuntary labour to raise in situ cash crops. Oppression, it seems, has multiple ways to extract dividends Like me you may suspect this kind of shift was not what the abolitionists had in mind. Likewise, global supply chains have been lengthening for more than a few decades without adequate anticipation of the consequences.

During another recent read, I discovered still more inequality outcomes of capitalism closer to home. In *The Expendables: How the Middle Class Got Screwed by Globalization*, Canadian economist Jeff Rubin paints a picture of surfeits and gaps emerging when global supply chains break down. As Piketty documents, cooperation is in short supply when trade treaty provisions fail to protect promised deliveries, contracts are cancelled and local jobs, subsidized by local tax dollars, evaporate. Worse yet, as we now see in time of pandemic, in Canada as elsewhere, critical medical production capacity was lost during globalization. We now risk life endangering public health insecurity because we were forced to depend on vital imports. Consider the ramifications of that. Wars were fought over less.

About the Author:

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