

Thomas Piketty Turns Marx on His Head

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CAPITAL AND IDEOLOGY

By Thomas Piketty

Seven years ago the French economist Thomas Piketty released “Capital in the Twenty-First Century,” a magnum opus on income inequality. Economists already knew and admired Piketty’s scholarly work, and many — myself included — offered the book high praise. Remarkably, the book also became a huge international best seller.

In retrospect, however, what professionals saw in “Capital” wasn’t the same thing the broader audience saw. Economists already knew about rising income inequality. What excited them was Piketty’s novel hypothesis about the growing importance of disparities in wealth, especially inherited wealth, as opposed to earnings. We are, Piketty suggested, returning to the kind of dynastic, “patrimonial” capitalism that prevailed in the late 19th century.

But for the book-buying public, the big revelation of “Capital” was simply the fact of soaring inequality. This perceived revelation made it a book that people who wanted to be well informed felt they had to have.

To have, but maybe not to read. Like Stephen Hawking’s “A Brief History of Time,” “Capital in the Twenty-First Century” seems to have been an “event” book that many buyers didn’t stick with; an analysis of Kindle highlights suggested that the typical reader got through only around 26 of its 700 pages. Still, Piketty was undaunted.

His new book, “Capital and Ideology,” weighs in at more than 1,000 pages. There is, of course, nothing necessarily wrong with writing a large book to propound important ideas: Charles Darwin’s “On the Origin of Species” was a pretty big book too (although only half as long as Piketty’s latest). The problem is that the length of “Capital and Ideology” seems, at least to me, to reflect in part a lack of focus.

To be fair, the book does advance at least the outline of a grand theory of inequality, which might be described as Marx on his head. In Marxian dogma, a society’s class structure is determined by underlying, impersonal forces, technology and the modes of production that technology dictates. Piketty, however, sees inequality as a social phenomenon, driven by human institutions. Institutional change, in turn, reflects the ideology that dominates society: “Inequality is neither economic nor technological; it is ideological and political.”

But where does ideology come from? At any given moment a society’s ideology may seem immutable, but Piketty argues that history is full of “ruptures” that create “switch points,” when the actions of a few people can cause a lasting change in a society’s trajectory.

To make that case, Piketty provides what amounts to a history of the world viewed through the lens of inequality. The book’s archetypal case study is French society over the past two and a half centuries. But Piketty ranges very far afield, telling us about everything from the composition of modern Swedish corporate boards to the role of Brahmins in the pre-colonial Hindu kingdom of Pudukkottai.

He describes four broad inequality regimes, obviously inspired by French history but, he argues, of more general relevance. First are “ternary” societies divided into functional classes — clergy, nobility and everyone else. Second are “ownership” societies, in which it’s not who you are that matters but what you have legal title to. Then come the social democracies that emerged in the 20th century, which granted considerable power and

privilege to workers, ranging from union representation to government-provided social benefits. Finally, there's the current era of "hypercapitalism," which is sort of an ownership society on steroids.

Piketty tries to apply this schema to many societies across time and space. His discussion is punctuated by many charts and tables: Using a combination of extrapolation and guesswork to produce quantitative estimates for eras that predate modern data collection is a Piketty trademark, and it's a technique he applies extensively here, I'd say to very good effect. It is, for example, startling to see evidence that France on the eve of World War I was, if anything, *more* unequal than it was before the French Revolution.

But while there is a definite Francocentric feel to "Capital and Ideology," for me, at least, the vast amount of ground it covers raises a couple of awkward questions.

The first is whether Piketty is a reliable guide to such a large territory. His book combines history, sociology, political analysis and economic data for dozens of societies. Is he really enough of a polymath to pull that off?

I was struck, for example, by his extensive discussion of the evolution of slavery and serfdom, which made no mention of the classic work of Evsey Domar of M.I.T., who argued that the more or less simultaneous rise of serfdom in Russia and slavery in the New World were driven by the opening of new land, which made labor scarce and would have led to rising wages in the absence of coercion. This happens to be a topic about which I thought I knew something; how many other topics are missing crucial pieces of the literature?

The second question is whether the accumulation of cases actually strengthens Piketty's core analysis. It wasn't clear to me that it does. To be honest, at a certain point I felt a sense of dread each time another society entered the picture; the proliferation of stories began to seem like an endless series of digressions rather than the cumulative construction of an argument.

Eventually, however, Piketty comes down to the meat of the book: his explanation of what caused the recent surge in inequality and what can be done about it.

For Piketty, rising inequality is at root a political phenomenon. The social-democratic framework that made Western societies relatively equal for a couple of generations after World War II, he argues, was dismantled, not out of necessity, but because of the rise of a "neo-propiertarian" ideology. Indeed, this is a view shared by many, though not all, economists. These days, attributing inequality mainly to the ineluctable forces of technology and globalization is out of fashion, and there is much more emphasis on factors like the decline of unions, which has a lot to do with political decisions.

But why did policy take a hard-right turn? Piketty places much of the blame on center-left parties, which, as he notes, increasingly represent highly educated voters. These more and more elitist parties, he argues, lost interest in policies that helped the disadvantaged, and hence forfeited their support. And his clear implication is that social democracy can be revived by refocusing on populist economic policies, and winning back the working class.

Piketty could be right about this, but as far as I can tell, most political scientists would disagree. In the United States, at least, they stress the importance of race and social issues in driving the white working class away from Democrats, and doubt that a renewed focus on equality would bring those voters back. After all, during the Obama years the Affordable Care Act extended health insurance to many disadvantaged voters, while tax rates on top incomes went up substantially. Yet the white working class went heavily for Trump, and stayed Republican in 2018.

Maybe the political science consensus is wrong. What I can say with confidence, though, is that until the final 300 pages "Capital and Ideology" doesn't do much to make the case for Piketty's views on modern political economy.

The bottom line: I really wanted to like "Capital and Ideology," but have to acknowledge that it's something of a letdown. There are interesting ideas and analyses scattered through the book, but they get lost in the sheer volume of dubiously related material. In the end, I'm not even sure what the book's message is. That can't be a good thing.