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A PROUDHON FOR POSTMODERNS?

WHEN Thomas Piketty's *Capital in the Twenty-First Century* burst upon the American scene in 2014, its author was most often compared to Tocqueville.¹ Here was another Frenchman with a panoramic historical vision, holding up the mirror to give Americans a new image of themselves—but this time, to reveal not a vibrant democracy but an alarming income gap. Piketty's work crystallized liberal discomfort in the trough of the financial crisis, but also gave its readers reason to congratulate themselves for acknowledging the true importance of inequality. For Paul Krugman, it was probably the most important economics book of the decade; Americans would never talk about wealth and inequality in the same way again. For Rana Foroohar, too, it was 'the economic tome of our era'. For the *Nation*, it was the most significant study of its subject for half a century. Martin Wolf deemed the book 'extraordinarily important'. Lawrence Summers thought its treatment of inequality was perfectly matched to its moment; Piketty had rightly been proclaimed a rock star of the policy-intellectual world, and his work was richly deserving of such attention.² David Graeber (according to legend) had already mined Piketty and Emmanuel Saez's suggestive use of IRS data on top-income percentiles to supply the insurgents of Occupy Wall Street with their slogan, 'For the 99 percent'.

There were criticisms. Piketty's argument was based on the hypothesis that the rate of return (r) on capital investment tended to be greater than the rate of overall economic growth (g). In the now famous formula, $r > g$ had obtained throughout most of human history. As the income from capital outpaced the income to labour, which closely tracks the

rate of growth, and with the largest fortunes growing fastest, inequality would rise—potentially without limit. How then to explain the falling levels of inequality between 1918 and the mid-70s? This was a result of external shocks: the destruction wrought by two world wars and the Great Depression cleared the way for an exceptional thirty years of relatively high growth, high taxation and low inequality after 1945, in which g temporarily exceeded r . The tension between the explanatory force of Piketty's two arguments—the first a 'law' inherent to capitalism; the second turning on political and economic 'shocks' that defy its writ—also figured in the final prescriptions of the book, which called for a global progressive tax on wealth before dizzying levels of 21st-century inequality could trigger 'a violent political reaction'.³ While the libertarian right called Piketty a communist, the left pointed out that his explanation for the advance of equality in the mid-20th century ignored the rise of organized labour in mass workers' parties and trade unions. With data drawn mainly from tax returns in France, the UK and the US, Branko Milanović noted, Piketty ignored the evidence supplied by household surveys; nor was it clear that his findings could be applied to high-growth China and India.⁴

The arrival of Piketty's latest work, *Capital and Ideology*, prompts a comparison with another French thinker, who also won widespread fame for a generic attack on inequality published at a time of profound economic crisis. In 1840, Pierre-Joseph Proudhon's *What Is Property?* rebutted claims that the answer 'It is theft!' was the signal for another 1793. The

¹ Thomas Piketty, *Capital in the Twenty-First Century*, Cambridge MA 2014. See also the interview with Piketty, 'Dynamics of Inequality', NLR 85, Jan–Feb 2014.

² Jacob Hacker, 'Piketty's Triumph', *American Prospect*, 10 March 2014; Paul Krugman, 'The Piketty Panic', NYT, 24 April 2014 and 'Why We're in a New Gilded Age', NYRB, 8 May 2014; Rana Foroohar, 'Thomas Piketty: Marx 2.0', *Time*, 8 May 2014; Timothy Shenk, 'Thomas Piketty and Millennial Marxists on the Scourge of Inequality', *Nation*, 14 April 2014; Martin Wolf, 'Capital in the Twenty-First Century', FT, 15 April 2014; Lawrence Summers, 'The Inequality Puzzle', *Democracy* 33, Summer 2014.

³ Piketty, *Capital in the Twenty-First Century*, pp. 450, 343–4, 463.

⁴ Branko Milanović, 'The Return of "Patrimonial Capitalism"', *Journal of Economic Literature*, vol. 52, no. 2, 2014. Milanović's *Global Inequality: A New Approach for the Age of Globalization* (Cambridge MA 2016) would demonstrate the relatively faster-rising income levels of the global lower deciles—the famous 'elephant curve'—driven largely by China; see the review by Göran Therborn, 'Dynamics of Inequality', NLR 103, Jan–Feb 2017.

proposition should be ‘recognized as a lightning rod to shield us from the coming thunderbolt’, he wrote, just as Piketty hoped his warnings that rising levels of inequality in the 21st century could be incompatible with democratic values would produce tax reforms to fend off violent upheavals comparable to those that put an end to the Belle Époque.⁵

Mutatis mutandis, of course. For the journeyman printer, born into a family of Besançon peasants and small-traders, going barefoot to school, read: the son of ex-Trotskyist *soixante-huitards*, growing up in the leafy Parisian suburb of Clichy Hauts-de-Seine. For *La Voix du Peuple*, the World Incomes Database; for imprisonment at the Conciergerie, chairs at the LSE, Berkeley and EHES; for the people’s bank, the global tax on capital. Proudhon’s pamphlet was also a slower burn than *Capital in the Twenty-First Century*. It took two years before scandal, prosecution and counter-polemic elevated *What Is Property?* to international notoriety, hailed as a ‘penetrating work’ in Marx’s paper, the *Neue Rheinische Zeitung*. When they met in Paris, the young German radicals did their best to educate Proudhon in political economy and the dialectic. In response, six years later, he produced the two fat volumes of his *System of Economic Contradictions, or Philosophy of Poverty*—drawing from Marx the stinging *Poverty of Philosophy*. Later, Marx would laughingly chastise himself for having infected Proudhon with Hegelianism—‘for his “sophistication”, as the English call the adulteration of commercial goods.’⁶

Six years after *Capital in the Twenty-First Century*, Piketty now presents his thousand-page *Capital and Ideology* as addressing the main criticisms levelled against his earlier work. In some respects, Piketty’s ‘sequel’ seems poised to land at an auspicious moment: in the 2020 Democratic primaries his proposal for a wealth tax was taken up by Warren and Sanders. Calls for the Biden Administration to follow suit have now gone mainstream.⁷ But in seeking to ‘clarify’ the way inequality has

⁵ Pierre-Joseph Proudhon, ‘What Is Property?’ [1840], in Iain McKay, ed., *Property Is Theft! A Pierre-Joseph Proudhon Anthology*, Edinburgh 2011, pp. 87–8.

⁶ Karl Marx, Letter to J. B. Schweizer, 24 January 1865, published as ‘On Proudhon’, *Der Social-Demokrat*, nos 16–18, 1–5 February 1865.

⁷ Benjamin Wallace-Wells, ‘The French Economist Who Helped Invent Elizabeth Warren’s Tax Plan’, *New Yorker*, 19 October 2019; Jim Tankersley and Ben Casselman, ‘The Liberal Economists Behind the Wealth Tax Debate’, *NYT*, 21 Feb 2020; Jonathan Soros, ‘Biden Wants to Raise Revenue. He Should Tax Wealth, Not Work’, *Barron’s*, 13 November 2020.

‘evolved’, Piketty’s latest tome departs quite dramatically from his previous account. The greatest shortcoming of *Capital in the Twenty-First Century*, he now writes, was to treat political and ideological changes as a ‘black box’. It was also overly focused on the rich world.⁸ In *Capital and Ideology*, $r > g$ has all but vanished, and the role of violent ruptures in recalibrating teetering wealth and income differentials is rejected outright. What has taken their place?

World-historical account

Capital and Ideology unfolds a typology of ‘inequality regimes’ on a Weberian scale. Piketty’s starting point is the hypothesis that every society must justify its inequalities, otherwise its entire political and social edifice stands in danger of collapse. Dominant narratives, though always contested, bolster the legitimacy of the ‘inequality regime’. His subject here is the historical transformation of these regimes, which he hopes will shed light on our present impasse. Tax schedules, inheritance records, legal property codes, examination systems and political-participation rates supply the evidentiary core of the book, supplemented by readings from novels and films (Balzac and Austen once again loom large). Rejecting conservative notions of ‘natural’ social inequality, Piketty also dismisses what he describes as the Marxist approach, in which ideology is the superstructural expression of economic forces. Rather, ‘the political-ideological sphere is truly autonomous’.⁹ He warns insistently against ‘determinism’, which cannot account for the sheer political diversity of societies at similar stages of technological development: ‘alternatives always existed—and always will.’ ‘Switch points’ and ‘alternative pathways’ form a leitmotif in the comparative survey of ideological formations that follows.

Piketty opens with a model of three ‘estates’—nobility, clergy, commons—derived from European feudalism, which characterize what he calls ‘ternary’ societies. Here, regalian functions of justice and legitimate force are inseparable from control of property. Justificatory narratives of inequality are ‘trifunctional’, based on the idea that each of the three social groups fulfils a specific function and that this tripartite division of labour benefits the whole community. What interests Piketty is the relative size and weight of these orders: in France, the clergy and nobility combined accounted for just over 2 per cent of the adult male population

⁸ Thomas Piketty, *Capital and Ideology*, Cambridge MA 2020, p. 16; henceforward, CI.

⁹ CI, p. 7.

on the eve of the Revolution, down from 5 per cent two centuries earlier. At this point, nobles owned over a quarter of all land, while the Church held another 15 per cent—or 25 per cent, if the capitalized value of the tithe is included. Piketty finds similar orders of magnitude in other ternary societies: the churches in Spain and Ethiopia also owned around 30 per cent of property.¹⁰

What caused this inequality regime to fall? Drawing on Mathieu Arnoux's *Le Temps des laboureurs*, Piketty credits trifunctionalist ideology with ending serfdom, since it presupposed a 'unified' estate of (free) labour.¹¹ The ternary order thus slowly succumbed to its own ideological logic. In this transformation from within, the Church acted as the centrifuge: as the largest single owner of property, and keeper of records, its elaboration of economic law (marriage, bequests) formed the basis for capitalist property codes in the modern period. The French Revolution was the 'emblematic rupture' with trifunctionalism—'an experiment with accelerated transformation'. But in this telling, it was just one of many possible pathways. In assessing its internal coherence, Piketty relies on Rafe Blaufarb's *The Great Demarcation*, which sees the constitutional separation of property and power into distinct spheres—the first devolving absolutely to the individual owner, the second ascending to the state—as the fundamental achievement of the Revolution.¹²

Yet it was one thing to abolish the feudal order in name on 4 August 1789, and another to carry this out. Disentangling *seigneurie privée* from *seigneurie publique* to identify the legitimate contractual basis for private property was not just difficult, since feudal ownership involved multiple, overlapping hierarchies of rents, dues, uses, revenues, rights and duties. It was also explosive—as the Assembly's displacement by the radical Convention showed. The fear that property might be undermined acted as a powerful brake on the Revolution. Indeed, the 'proprietary ideology' that emerged from it was animated by the idea that any redistribution was a Pandora's box, which should never be opened; anxieties that had some

¹⁰ CI, pp. 77, 85–6, 60–1.

¹¹ CI, pp. 68–9; see Mathieu Arnoux, *Le Temps des laboureurs. Travail, ordre social et croissance en Europe: 11e–14e siècle*, Paris 2012.

¹² Rafe Blaufarb, *The Great Demarcation: The French Revolution and the Invention of Modern Property*, Oxford 2016. For Blaufarb, this is a nail in the coffin of 'Marxist interpretations': pp. 8–10. He is apparently unaware that Marxists like Ellen Meiksins Wood have long seen the division of political and economic power, unified under feudalism, as the 'defining characteristic of capitalism': *The Pristine Culture of Capitalism*, London 1991, pp. 8, 24, 72–3.

basis in the behaviour of the *enragés*, Piketty implies. Bolder initiatives for greater economic equality—Tom Paine’s proposal for a universal income, funded by a 10 per cent inheritance tax, or Condorcet’s more modest 5 per cent tax on high incomes—represented a path not taken in the 1790s. Instead, the Revolution instituted a regressive system—four onerous direct taxes; inheritance duty pegged at 1 per cent—that would underpin the inegalitarian trajectory of the next hundred years. The result was a higher concentration of wealth at the top of society on the eve of World War One than in the aftermath of the Revolution: then, the wealthiest 1 per cent owned roughly 45 per cent of all private property; by 1910, it was nearly 55 per cent. The elites of the Third Republic ‘used and abused’ the idea that the Revolution had made France an egalitarian country. In reality, it had been transformed into a ‘bourgeois ownership society’.¹³

Other ‘ternary’ societies took different paths to the same destination. In Britain, the constitutional settlement of 1688 set the stage for the landed aristocracy’s dominance of both Houses of Parliament till the start of the twentieth century. Britain was one of the most unequal societies in Europe: just 7,000 noble families (less than 0.1 per cent of the population) owned 80 per cent of the land in 1880. Piketty’s intention is not to dwell on the persistence of the old regime, but on the way the country nevertheless underwent a sudden switch in national political ideology. The Lords’ rejection of the Liberal government’s ‘People’s Budget’ of 1909 sparked a crisis that culminated in the 1911 Parliament Act, curtailing the aristocratic chamber’s veto powers once and for all. In Sweden, the landed nobility held onto its near-monopoly of political power until 1911. But universal suffrage in 1921 rapidly led to another switch from a ‘hyper-inegalitarian’ society to a social-democratic one under the SAP. In both countries, the transformations took place by parliamentary means, without revolutionary upheaval.¹⁴

Slavery and colonialism

Despite these varied trajectories, in every such case the ternary order gave way to an ownership society characterized by a high concentration of wealth. On the eve of World War One, the top 1 per cent of the population in the UK owned 70 per cent of private wealth; in Sweden, 60 per cent; in France, 55 per cent. This was partly the upshot of concentrated land

¹³ CI, pp. 123, 109, 140–7, 127, 151.

¹⁴ CI, p. 189.

ownership, though agricultural land now accounted for barely 5 per cent of total private wealth in the UK, and no more than 15 per cent in France and Sweden. Urban real estate, stocks and shares and overseas investments now constituted the majority of private wealth. The justificatory ideology for this inequality regime was based on the idea of individual emancipation through property rights, supposedly open to anyone. Compared to trifunctional societies, ownership societies saw themselves as founded on equal rights. Yet proprietorism was ultimately an inegalitarian ideology, which in its harshest form served simply to justify social domination. The wealthy could warrant their position *vis-à-vis* the mass of labourers by reason of their talents and effort. The richest states could legitimate their power over poorer countries on the grounds of their superior laws and institutions.¹⁵

These high concentrations of wealth were built in part on the 'extreme inequality' of slave and colonial societies. Piketty focuses not on the relationship of slave production to the industrial revolution, a central question since Eric Williams's *Capitalism and Slavery* (1944), but on the ways in which 'ownership societies' managed abolition. After the Jamaican slave rebellion of 1831 and formal abolition two years later, the British government compensated its 4,000 slave owners to the tune of £20 million for the manumission of their 800,000 slaves, mainly in the West Indies. Piketty reckons that Saint-Domingue, the most prosperous French colony in the Caribbean in the 1780s, was perhaps the most inegalitarian society 'in all of history'. There, the revolt of 1791 forced the revolutionary Convention in Paris to abolish slavery in 1794 and led to the first victorious black independence struggle in 1804. French military embargo eventually extorted a heavy price: in 1825, Haiti agreed to pay its former masters 150 million gold francs in compensation. Payments continued until the 1950s—to French creditors, and then to Americans, who occupied the island in part to ensure they did. The US was the exception: Piketty speculates that the 'proprietarian' solution of compensation was foreclosed by the sheer size of the system: 4 million slaves in 1860, a third of the population of the American South, whose 'market value' exceeded 250 per cent of the annual income of the region.¹⁶

In the larger colonial world, *Capital and Ideology* distinguishes between 'extremely violent' white-settler regimes, exemplified by French Algeria

¹⁵ CI, pp. 194–8.

¹⁶ CI, p. 237.

and British South Africa, with high levels of inequality—the top 10 per cent taking around two-thirds of total income from 1930–50—and the more general pattern of late-19th century transcontinental empires, where colonies were ruled by a tiny clutch of Europeans. The exemplary case was India, where fewer than 200,000 British soldiers and civil servants held dominion over more than 300 million Indians. How was this possible? Piketty argues that, after the crushing of the 1857 Mutiny, British dominion depended less ‘on brute military force’ than on constructing an ideology of ‘cognitive, intellectual, and civilizational superiority’. In their decennial censuses, the British not only sought to delineate the property and social relations of their subjects but—here Piketty draws on Nicholas Dirks’s *Castes of Mind* (2011)—altered them, by imposing their own conceptions onto the supposedly looser matrices of Hindu castes (*varnas*) and occupational groups (*jatis*). Thus an ancient trifunctional order—in which priestly Brahmins vied with the warrior Kshatriyas, above Vaishyas (farmer, artisans, merchants) and Shudras (common workers)—was transformed into an entrenched hierarchy, in which at least 20 per cent of the Hindu population faced discrimination in work, housing and education.¹⁷

Contact with Western imperial powers also upended ancient trifunctional orders in Japan, China and Iran, albeit with widely differing results. In Japan, change was effected from within and from above: the Meiji Restoration abolished the legal and fiscal privileges of the warrior nobility and embarked on a rapid modernization programme to avoid Western colonization. In China, from without and from below: a shifting balance between literary and administrative elites, landowners and warriors, gave way before the combined force of European interventions and the domestic uprisings these fed—the Opium Wars, Taiping and Boxer Rebellions—before the declaration of a republic in 1911. In Iran, Piketty cites the Shiite clergy’s long history of resisting imperialism to explain the 1979 revolution, an ‘unprecedented example’ of late constitutionalization by a clerical government.

Egalitarian challenge

Successful as they were, the highly concentrated wealth of Western ‘ownership societies’ bred challenges to their proprietarian ideology—counter-discourses of socialism, anti-colonialism and nationalism. The

¹⁷ CI, pp. 342–7.

centrepiece of *Capital and Ideology* is an analysis of the rise and fall of ‘counter-regimes’ in the twentieth century that challenged proprietaryism in all its forms. Between 1914 and 1945, global inequality underwent a deep transformation as the ‘total value of private property literally collapsed’—‘nothing like it had ever been seen in the entire previous history of inequality.’¹⁸ Its cause? Policies, including nationalizations, expropriation of foreign assets, rent and price controls and, above all, progressive taxation, topping out at rates of 60 to 80 per cent. In addition to funding budgets, taxation redistributed wealth, with higher social spending on education, health, pensions and other transfer payments. There were of course important variations. Piketty points to the ‘bargain basement social democracy’ of the US—and the ‘paradoxical’ fact that between 1932 and 1980, a more steeply progressive tax system coincided with a ‘less ambitious social state’ than in most of Europe. Nevertheless, the top 10 per cent’s share of wealth in the US fell from 90 per cent in 1914 to 63 per cent in the 1980s (before rising to 74 per cent in 2015).¹⁹

Soviet communism, according to Piketty, was the greatest challenge proprietary ideology has ever faced—and so the greatest egalitarian disappointment. Russian GDP per capita rose from around 35 per cent of Western European levels before 1917 to 60 per cent in the 1950s, raising living standards through public investment in transport, education, science and health. Even as growth stalled from the 1960s, Piketty allows that the Soviet Union remained an opponent of colonialism and racism through to the 1970s.²⁰ Nevertheless, the ‘absurdity’ of the system was already apparent in the late 1920s, when it moved to criminalize carters, crafts people and other small independent workers for carrying on trade. By 1953, over half of those imprisoned under Stalin were locked up for ‘theft of socialist property’ and petty larceny—a mirror from below, Piketty suggests, of the looting that accompanied the Soviet collapse in 1991, and the oligarchic excesses of the new Russia. His discussion of the new China, meanwhile, notes that although the public share of capital fell from 70 per cent in 1978 to stabilize at 30 per cent from 2005, this figure is significantly higher than in the US, UK, Germany, France and Japan, where public shares of capital barely reach 10 per cent. On this view, China still hovers somewhere in between ‘communism and plutocracy’.²¹

¹⁸ CI, pp. 420–3.

¹⁹ CI, p. 419.

²⁰ CI, pp. 578, 586, 590.

²¹ CI, pp. 606–22.

Twentieth-century attempts to combat inequality then foundered in the 1980s, as top incomes rocketed and tax rates withered. The social-democratic era gave way to a form of neo-proprietarianism. Piketty tracked the growth of top incomes in *Capital in the Twenty-First Century*; here he factors in the effects of post-2008 central-bank money-creation policies. Quantitative easing sent the Fed's balance sheet soaring from 5 to 20 per cent of US GDP between 2007 and 2018, while the ECB's ballooned from 10 to 40 per cent of Eurozone GDP. The long-term effects seem likely to include a further concentration of wealth. But a situation in which 'all economic actors are indebted to each other', and the financial sector is growing faster than the real economy, is fundamentally fragile and unsustainable. The ideology of neo-proprietarianism is hyper-meritocratic, based on a glorification of billionaires—as if Gates or Zuckerberg had invented computers and friendship single-handedly—and a grand narrative of communism's failure, as well as a reiterated 'Pandoran' fear of where redistribution might end, theorized by Hayek in *Law, Legislation and Liberty*.²²

The final section of *Capital and Ideology* describes the hollowing out of the electoral coalitions that sustained social democracy in the post-war era with the slide of the main mass parties into elite factions of a highly educated 'Brahmin Left' and a wealthy 'Merchant Right'. Their fusion into a 'bloc bourgeois' under Macron in 2017 presages similar realignments elsewhere, while the 'losers from globalization' react to calls that mix redistribution with 'social nativism'. Nothing less than a new ideology can combat this 'identitarian trap'—a participatory socialism fit for a global world, incorporated into a supra-national 'social federalism'. Piketty goes on to sketch the main planks of this internationalist platform. The first is power sharing, or co-management, at the level of the firm—a key feature of the German, Austrian and Nordic models, in which a third of seats on boards of directors of big companies are reserved for workers. Piketty believes this has limited wage inequalities by capping the growth of executive pay. For Piketty, extending these 'social ownership' schemes should be a priority.²³

His second demand is equal access to higher education. The solution here is not just more public funding, but what Piketty calls a 'universal capital endowment'. Financed by a steeply progressive tax on property

²² CI, pp. 697–702, 706–10.

²³ CI, pp. 499, 501, 486.

and inheritance, this could give a significant lump sum to everyone at age 25, opening up ‘possibilities of purchasing a house or starting a business.’ Broad left parties must reverse course to reach beyond the educated; failing this, ‘social nationalist’ challengers will continue to gain strength.²⁴ Finally, a permanent progressive tax should fall on income and wealth, including financial assets, which constitute the lion’s share of the largest fortunes today. Taxing wealth requires international coordination to avoid a fiscal ‘race to the bottom’. Globalization is irreversible. But the liberalization of capital flows that began in the 1980s must be wedded to global systems of regulation and taxation that lift the veil of secrecy which shields the rich, by automatically sharing information about who owns what capital assets in a compulsory ‘public financial register’. The EU could be the model of social federalism globally, if it can create and enforce rules to do this—but first, it must be profoundly democratized. Piketty draws on the ‘Manifesto for the Democratization of Europe’ he had a hand in writing—with proposals comparable to the National Popular Vote Interstate Compact in the US—to suggest a new European Assembly, composed of representatives of the national parliaments, a scheme which could be initially adopted by a subset of countries, without modifying existing European treaties.²⁵

Internal tensions

Capital and Ideology is a work of immense historical and theoretical ambition. Its framework provides a setting of Piketty’s impressively rich statistical knowledge. He marshals whole armies of data in every chapter, illuminating comparative trends of wealth and income both within and between societies, across both space and time. He connects these, in more hit-or-miss fashion, to other metrics: education and voting, tax and public spending, race, religion and caste. The narrative has flashes of analytic insight, generally sharper the closer they come to France, where Piketty has often shown an independent streak—he has advised the PS

²⁴ CI, pp. 981–4. Piketty reads the first-round of the 2017 French election as a four-way split along ideological lines—between egalitarian internationalists led by Mélenchon (28 per cent), inegalitarian internationalists under Macron (24 per cent), inegalitarian nationalists under Fillon (22 per cent) and Le Pen’s egalitarian nationalists (26 per cent); an egalitarian left platform could reassemble these quartiles into a new majority coalition.

²⁵ CI, pp. 557–8. See Stéphanie Henneute, Thomas Piketty, Guillaume Sacriste and Antoine Vauchez, *Pour un traité de démocratisation de l’Europe*, Paris 2017.

on policy without ever joining. He is also scathing about Macron's carbon tax, trigger for the *gilets jaunes* revolt in 2018, noting it exempted jet and freighter fuel.

If some contradictions are inevitable in a work of this scale, the principal criticism to be made of *Capital and Ideology* is the way these inhere in its very structure, playing out over a thousand pages of push and pull between the two terms of the title. Lacking any coherent conceptualization of either point in the dyad capital–ideology, it becomes difficult to establish even a loose relationship or dynamic between them. *Ideology* is called upon to explain not just how unequal possession of *capital* is maintained in a given society, but how one regime of inequality 'evolves' into another: in the shift, political power is at all times 'closely related' to and 'inextricably intertwined' with property, without ever being reducible to it. Piketty thus claims priority for the political and ideological over the socioeconomic. But more often than not, he does so by assertion rather than demonstration, and he routinely disowns the claim, at precisely those moments of historical discontinuity whose underlying causes it is meant to explain. These ambiguities in his thesis determine a constant oscillation of causal argument.

After contending that feudalism declined amid the mists of *mentalités* about the dignity of labour, just as capitalism arose atop the economic and legal concepts of ecclesiastical scholars, Piketty announces that 'subsequent processes and switch points reveal various other specificities of the European trajectory, and no doubt these were far more decisive.' A second variable is now introduced, without obvious connection to the first: the capacity of centralizing states to tax, spend and innovate, based on military competition in Europe, had a 'direct impact' on colonial conquest, industrialization and the structure of modern inequality. The procedure recurs throughout. In India, the decennial caste-based census implemented by the British is deemed to be an orientalist projection of 'civilizational superiority', until its 'main purpose' is revealed to be identifying local governing strata and extracting taxes.²⁶ These conceptual and causal ambiguities are most evident in what remains the central historical enigma of the book, the First World War. This caesura was no 'exogenous event catapulted to earth from Mars' and was 'arguably' caused by serious social inequalities and tensions. Yet nor was it, Piketty avers,

²⁶ CI, pp. 97, 340.

an inevitable outcome of these. What followed—the Russian Revolution, New Deal America, a progressive income tax in France—arose instead from a fog of ‘political-ideological changes’ and social struggles.²⁷

In order to reconstruct the ways capital and ideology interact in this work, it makes sense first to pinpoint how each term operates on its own. As James Galbraith pointed out in a review of *Capital in the Twenty-First Century*, Piketty not only rejects Marxist understandings of capital as a historically specific set of social relations or processes, but accepts a more or less neoclassical definition. Capital becomes a physical, quantifiable factor of production, which he folds into ‘all forms of money-valued wealth’, ‘in productive use or not’, and applies as readily to the distant past as the present, to a peasant-worked field in feudal France or a second home in the Hamptons.²⁸ If *Capital and Ideology* devotes more attention to the power that ownership brings, nothing distinguishes the form this power takes as *capital*: the imperative to compete on the market, invest and cut costs in order to realize profits, to command a workforce dependent on wage labour. Piketty’s view of capital remains purely additive, as do his measurements of it.²⁹

Piketty’s ‘capital’ is therefore curiously inert: neither it, nor its bearers, chase, drown, tear asunder, conjure, revolutionize, or melt anything into air. Blink and you miss it. Capitalism, he hazards, is nothing but ‘the particular form that proprietorship assumed in the era of heavy industry and international financial investment’—from roughly 1850 to 1914, before transmuting into social democracy for several generations, then reappearing in a hyper-‘globalized digital’ form after 1990. In a book that offers us ways to ‘transcend’ capitalism, this historical delimitation of it matters: how else can we assess his plans to go beyond it towards ‘participatory socialism’? Equally, it impinges on Piketty’s argument about the ‘proprietarian order’ itself. For in sidestepping debates over the transition to capitalism, which turn on much earlier and slower shifts—in the countryside in England and the Low Countries from the fifteenth century,

²⁷ Compare CI, pp. 424 vs 462–9. ‘Any financial crisis similar to that of 1929 would have sufficed to bring about political changes similar to the New Deal even if there had been no world war.’ CI, p. 466.

²⁸ James Galbraith, ‘*Kapital for the Twenty First Century*’, *Dissent*, Spring 2014. See also, David Harvey, ‘Afterthoughts on Piketty’s *Capital*’, *Challenge*, vol. 57, no. 5, December 2014.

²⁹ CI, pp. 265–6.

or in the growth of medieval towns and trade³⁰—he adopts a working definition that is temporally far too restrictive. It is also internally undifferentiated. In this telling, capital is a hypostasized abstraction: *capitals* in the plural—landed or merchant, industrial, financial, or national—never clash, while proprietarianism itself appears frictionless and flat, as if no prior or incipient inequality regime operated within it. Piketty thus divides up slaveist, colonialist and proprietarian societies into distinct categories, when they were co-extensive.³¹

Piketty wants to deny a causal role in history to economic forces, but in robbing them of any motility at all, he undermines his own aim: how can we gauge his claim as to their relatively lesser weight, compared to ideology, without a sense of the properties particular to them? Financialization is perhaps the key vector for understanding both the strengths and the shortcomings of his approach. Piketty compiles overwhelming statistical evidence for the increasing importance of financial assets, without following this up with any historical or theoretical account of the dynamics that drove it or the changes to the composition of capital it betokened. Inheritance records in France and Britain evince the growing weight of finance in the Belle Époque, as a share of national income and in portfolio holdings. In Paris alone, financial assets made up 62 per cent of bequests in 1912.³² Foreign investments bulked large. In 1914, Britain's net foreign assets were 190 per cent of national income, and in France 120 per cent. Piketty estimates that foreign assets amounted to perhaps a quarter of all French and British

³⁰ Piketty ascribes to Marxist thinkers 'the theory that holds that a transition from "feudalism" to "capitalism" occurred as a more or less mechanical response to the Industrial Revolution', in apparent ignorance of the principal debates between Marxist (and non-Marxist) historians. See Robert Brenner, 'Property and Progress: Where Adam Smith Went Wrong', in Chris Wickham, ed., *Marxist History Writing for the Twenty First Century*, Oxford 2007, pp. 49–55.

³¹ In Piketty's reading, Balzac's *Père Goriot* shows that in this new era, 'what counted was the size of one's fortune, not the mix or origins of the properties it contained': CI, pp. 171–2. On the contrary: all forms of wealth are not equivalent in Balzac's story, though his characters often wish they were. Goriot, a noodle merchant who made his fortune during the Revolution, is no longer welcome in his daughters' homes by 1819. Madame de Beauséant savages his youngest, Madame de Nucingen—an ennobled banker's wife—for the way her eyelashes, hands, even her opera-glasses, betray 'the Goriot likeness'. Money eases their ascent, but their social origins stick like flour to the climbers of Restoration Paris.

³² CI, pp. 133, 138.

private wealth. Germany, meanwhile, despite its growing industrial might, held no more than 40 per cent of its income abroad.

Colonial rivalries played a ‘central role’ in exacerbating great-power tensions in the run-up to the First World War, Piketty stresses. But what was the precise nature of this role? *Capital and Ideology* is elusive. The high returns on French and British foreign investment ‘boosted the standard of living in the two colonial powers or, more precisely, in certain segments of their population’. But the obvious possibility this raises—that ‘certain segments’ had an interest in pursuing imperial expansion, putting them at odds with the bottom 50 per cent, or with the top 1 per cent of other nations—is unexplored. The ‘purpose of accumulating foreign assets’, he concludes, ‘is to be able to run subsequent trade deficits’. But no evidence of that is produced, and he must immediately admit that China, Germany and Japan, with large net financial holdings today, all run trade surpluses too.³³ In *fin-de-siècle* Britain, the growing trade deficit that was covered by invisible income alarmed many manufacturers—a point Joseph Chamberlain, industrialist and ardent imperialist, tried to channel in his campaigns to overturn the liberal free-trade order that defined national politics in the early 1900s.

Ideological structures

In the absence of any plausible economic explanation for financialization, a psycho-political one is tacked on to describe its effects: accumulation running at such a pace naturally ‘aroused envy’. Piketty’s ‘theorist’ of imperialism here is Hitler, whose ‘quasi-rational analysis’ of German imperial envy in *Mein Kampf* is ‘hard to deny’.³⁴ The missing *locus classicus* is J. A. Hobson, the heterodox economist of liberal-socialist hue who linked the statistics and policies that fascinate Piketty to the sort of concrete analysis that escapes him. Hobson’s *Imperialism* argued that ‘mal-distribution of consuming power’ in Britain led to over-saving on the part of the rich and a hunt for higher rates of return abroad: finance was thus ‘governor of the imperial engine’. Hobson not only advocated redistributive taxes to cut off its fuel supply, but saw ideological factors as fundamental to explaining its drives: the press, political parties, advertisements, schools, churches, the Army and Navy, academic disciplines of biology, sociology and economics—all ‘mould

³³ CI, pp. 133, 277–9, 429, 284–5.

³⁴ CI, pp. 476–7.

public opinions and public policy' to favour 'domination and acquisitiveness' and 'weave thin convenient theories of race struggle for the subjugation of the inferior peoples'.³⁵

Ideology in this wider sense is largely absent from *Capital and Ideology*, which focuses mostly on just two pieces of it: party policy and vote shares, and legal codes of property and taxation. There is no systematic account of the role of the 'ideological state apparatuses' or social institutions that Hobson discusses. Of ideas—building consent for, or contesting, party, policy, tax, law, state—we hear little more than vague generalities. The Enlightenment is dispensed with in a paragraph. Proprietarianism itself rests on the 'simple idea' that 'the purpose of the social and political order is to protect private-property rights for the sake of both individual emancipation and social stability'. This is a 'plausible' claim, writes Piketty. With no clearer guide than this, 'ideology' appears as a mirror image of 'capital': linear and uniform, with the same function in Qing-era China as in 1980s France, to 'justify and structure inequalities'.³⁶ This ignores the ways that ideology must alter in its very form, depending on the means at its disposal: justifications of inequality in a peasant society differ vastly from those where the bottom half is literate, lives in cities, sells its labour power and votes. Oddly, it also assumes that this justification must be bracingly direct. Yet on Piketty's own account—it is one of the most striking passages of the book—the republican-chauvinism of Third Republic France acted less to justify inequality than *conceal* it.³⁷

If 'capital' is given next to no role in explaining political crises, a nebulously defined 'ideology' is weighted with more than it can stand. Abolition is the key episode that illustrates the 'grip' of proprietarianism over mid-19th century minds: slaveowners, but not slaves, were compensated, to avoid opening the Pandora's box of property relations. Piketty resorts to crude economism—the high price of slaves—to explain the American exception.³⁸ But US emancipation never threatened the rule of private property. At issue were rather the political prerogatives of particular kinds of property—northern industries, western farms,

³⁵ Hobson, *Imperialism*, London 1902, pp. 82, 91, 221–2.

³⁶ CI, pp. 189, 123, 352, 955.

³⁷ The unexpected discovery that inequality was higher in 1914 than in 1815 'made a deep impression on me both as a researcher and as a citizen', Piketty writes: CI, p. 139.

³⁸ CI, pp. 213, 222, 210, 236–8.

southern plantations—and the developmental paths open to them. The Civil War was a nationalist enterprise, fought to preserve the Union—comparable to the unification of Germany under Bismarck. At its close, Jefferson Davis himself offered to end slavery, if the Confederacy were allowed to survive.

Social democracy is the next proving ground for ideology, which allegedly explains both its rise from the ashes of proprietorism and its decline since 1980. Here, Karl Polanyi presides: *The Great Transformation's* account of the interwar crises fits Piketty's *longue durée* view of inequality—although Polanyi names *laissez-faire* liberalism, not a more capacious 'proprietorism', as the culprit in the self-destructive wave of commodification spreading out from 19th-century England.³⁹ But the selective deployment of Polanyi here actually compounds the confusion over levels of causation at the heart of *Capital and Ideology*. For in it, social democratic 'counter-movements' that 're-embed' markets in society appear as the effect of neither crises of capital in general, nor of ideology—nor even of marketization—but as the more or less unmediated expression of inequality itself, operating through 'society'. In the end, $r > g$ continues to operate discreetly in the background—disguised in the double movement—despite Piketty's best efforts to exorcise the deterministic spirit of his original law of capital.

As a result, the actual political agents involved are spared any searching analysis. To the contrary, the British Liberal Party is painted in stunningly uncritical light: as the sole force for electoral reform, though it did not sponsor the 1867 bill to extend the franchise and led the persecution of the suffragettes; as architect of a radical constitutional re-settlement in 1911, rather than a political fudge that left the House of Lords with real, not just 'ceremonial', powers, including a suspensory veto; as defenders of Ireland, when Liberal leaders were responsible not just for the Famine and 1881 Coercion Act, but the suppression of the 1916 Easter Rising under Asquith and the counter-insurgency war against the Irish Republic, ending in its partition in 1922 under Lloyd George. The Liberal decision to plunge the country into World War One disappears without trace.

³⁹ The 'origins of the cataclysm lay in the utopian endeavor of economic liberalism to set up a self-regulating market system': Karl Polanyi, *The Great Transformation*, Boston 2001, p. 31.

Polanyian inevitability—the mechanical operation of ‘inequality’ in producing counter-movements and counter-discourses—then shields the emergent social-democratic parties from any scrutiny. After 1918, politicians and people ‘naturally’ demanded explanations from the elites that had enriched themselves while leading the world to war. It seemed ‘obvious’ that the most favoured social categories would have to pay more tax. It was ‘impossible’ not to expect the privileged classes to rebuild the country and pave the way to a more just society.⁴⁰ Natural, obvious, impossible not to: from this serene landscape of consensus, Piketty has scrubbed not only the Liberals’ imperial record, but those of the other nominally progressive parties he covers after 1945. Yet their attitudes to the vast empires still under their sway, and to decolonization in the context of the Cold War, shaped and set limits to the welfare states they built.

The end of empire is treated as another inevitable Polanyian counter-movement. After 1945, it was ‘clear to everyone (except perhaps a few European settlers) that there would be no going back to the colonial empire that had existed before the war.’ This was not in the least bit clear, however. The French massacred 45,000 Algerians in and around Sétif in 1945, precisely because of their refusal to celebrate the surrender of Germany to the Allies in May. When it began in 1946, parliamentary support for the war in Indochina was nearly unanimous, with only the PCF opposing; while on Algeria, it too voted to give special powers to Guy Mollet in 1956. As Socialist Premier, while extending a third week of paid vacation to workers Mollet launched the invasion of Suez and intensified the war in Algeria before his government collapsed in May 1957, at the height of the Battle of Algiers. Inevitability smoothly reasserts itself in Piketty’s narrative: after 1958, De Gaulle was ‘left with no choice’ but to accept Algerian independence.⁴¹

Labour’s support for the warfare state in Britain meanwhile trumped its commitment to the welfare state when they clashed head-on. The dispatch of troops to Korea in 1950 sent defence spending soaring to 11 per cent of GDP, leading the Attlee government to impose charges for NHS glasses and dentures, before it was swept from power. In the US, we learn of Johnson’s ‘war on poverty’, but not his far more expensive war on Vietnam. In the end, *Capital and Ideology* does not blame the decline of egalitarian hopes after 1980 primarily on the social democrats, or

⁴⁰ CI, pp. 417, 434, 447, 452, 464.

⁴¹ CI, pp. 257–8.

their inability to ‘fully understand’ the consequences of liberalizing capital flows. It is the ‘catastrophic failure’ of Soviet communism that bears most responsibility for the global rise of inequality in the 1980s.⁴² There is no suggestion that seventy years of armed encirclement, invasion, embargos, sanctions and nuclear threat by the major capitalist powers might have contributed to this outcome. Another possibility goes uncanvassed here: that social democracy’s rightward shift had less to do with moral failings than with the disappearance of the Soviet bloc as a material-ideological counterweight to US capitalism.

Paradoxically, Polanyianism also undermines the crucial ‘switch points’ emphasizing the paths not taken. Again and again, these serve to soften the unsightly sides of capitalism, liberalism and imperialism as contingent rather than necessary. Capitalist imperialism could so easily have turned out for the best. If ‘the industrial revolution emerged from Europe’s intimate ties’ to America, Africa and Asia, ‘these relations did not have to be as they were’, and ‘might have been organized in countless other ways, allowing for fair trade, free migration of labour, and decent wages’, without anti-India and anti-Chinese protectionism, or even colonial and military domination. ‘This would certainly be a very different world from the one we live in’, Piketty concedes, before reminding us that it is ‘the role of historical research to demonstrate the existence of alternatives’.⁴³ The Panglossian tone is difficult to miss (‘I am an optimist by nature’, he confesses at the outset), except that instead of insisting all is for the best in this world, Piketty maintains that all could have been, in another.

Prospects?

None of this is necessarily to invalidate *Capital and Ideology*’s concrete proposals. Many would see these as quantitative leaps forward from our neo-proprietarian present, recirculating wealth between classes, age groups and states, giving workers greater involvement in the management of firms; young people more freedom via the universal capital

⁴² CI, pp. 415, 417, 579, 831.

⁴³ After uncritically accepting Kenneth Pomeranz’s theory of the ‘great divergence’, in which colonial exploitation of land, energy and export markets, enabled Europe to surpass rates of growth in Asia on the way to industrial takeoff in the eighteenth century, Piketty then adds enough ‘alternative pathways’ to fully undermine this theory, without accounting for the discrepancy. CI, pp. 372–4, 381.

endowment; and citizens the tools to protect these and other social gains from capital flight and tax avoidance. The gulf between Piketty's recommendations for 'twenty-first century socialism' and his lack of any feeling for past struggles to achieve it does undercut his proposals, however, in at least two ways. First, we are no closer in *Capital and Ideology* to discovering why the top 1 per cent should agree to tax itself out of existence, or why parties that abandoned efforts to impose such taxes for half a century, should change their priorities now, still less in tandem. 'Socialist revolution frankly seems more likely', as one thoughtful critic of the earlier volume put it.⁴⁴

The electoral road to socialism is fraught with still greater perils *after* victory at the ballot box, as the experiences of Allende in Chile or Union de la Gauche in France illustrate. Piketty's own brushes with power ought to have been sufficient proof of the challenges faced by even the mildest egalitarian measures: in France, the 2012 'Piketty reform'—a tax of 75 per cent on incomes over €1 million—was no sooner passed through the National Assembly than thrown out by the Constitutional Council. Or at EU level; though he concedes his 'yes' votes to Maastricht in 1992 and the 2005 referendum, 'in the hope that a more social and fiscal Europe would finally come . . . seem to me increasingly dangerous and difficult to support', his 'treaty for the democratization of Europe' is scarcely more realistic.⁴⁵

A further question is whether Piketty's proposals add up to a meaningful 'overcoming' of capitalism. There are reasons to doubt it. Corporate co-management has a long history of neutralizing labour struggles. As the French political economist Frédéric Lordon has pointed out: 'If German-style co-determination—because that's what it finally boils down to—had brought the least possibility of "overcoming capitalism", German capitalists would most likely have realized this—and so would we.'⁴⁶ A key component missing from Piketty's recipe for socialism is planning. As a result, his proposals to tackle climate change, 'the greatest challenge the

⁴⁴ Benjamin Kunkel, 'Paupers and Richlings', *LRB*, 3 July 2014; the most fundamental critique of Piketty's first book yet produced.

⁴⁵ *CI*, pp. 669, 802.

⁴⁶ See 'Why Are You Acting the Marxist?', a spirited exchange between Frédéric Lordon and Piketty hosted by *Les Amis de l'Humanité* on 30 January 2020; translated by David Fernbach for the Verso blog, 27 April 2020.

planet faces today’, are the weakest of the book, entailing little more than green investments and a tax on carbon—as if planetary warming could be tamed without well-integrated plans for infrastructure, housing, education, research, emissions, international transfers, farming, diet and more, to restructure economies anatomically reliant on private production and the consumption of fossil fuels.

Like Proudhon, Piketty offers participation without planning, which he evidently identifies with Gosplan in the Soviet Union after 1928—the bureaucratic mindset that Trotsky mocked in 1931, as believing itself able ‘to draw up a faultless and exhaustive economic plan, beginning with the number of acres of wheat down to the last button of a vest’. The antidote to this was not only markets to make production more responsive to demand, but the active role of workers and citizens in determining what is produced and how: ‘socialism needs democracy like the human body needs oxygen’.⁴⁷ Polanyi, of course, ranked Proudhon as a pillar of the liberal-socialist tradition, along with Spencer, Dühring, Henry George and Kropotkin—‘a free intellectual community of independent 19th-century thinkers’, in contrast to the ‘uniform edifice’ of Marxist socialism.⁴⁸ Marxism’s time is over, Polanyi confidently declared in a 1919 article, ‘Crisis of Ideology’.

Polanyi, like Proudhon and Piketty, was a proponent of federalism and although he allowed a role for regulation in a complex society—as opposed to Proudhon’s loose association of mutualist credit unions and worker cooperatives, under federated coordinating committees—he hoped that the inevitable strengthening of power at the centre would be counter-balanced by spheres of freedom protected by unbreakable rules.⁴⁹ Piketty’s work is immensely more sophisticated than theirs—and not in the English grocers’ sense evoked by Marx, but in its real advance of economic research and well-resourced institutional back-up.

⁴⁷ Leon Trotsky, *The Soviet Economy in Danger: The Expulsion of Zinoviev*, New York 1933, p. 30.

⁴⁸ Karl Polanyi, ‘The Crucial Issue Today: A Response’, [1919]. Written for *Die Neue Erde* and unpublished at the time, the text is collected in Karl Polanyi, *For a New West: Essays, 1919–1958*, Giorgio Resta and Mariavittoria Catanzariti, eds, Cambridge 2014. Polanyi here cites his own comment that Marxism’s ‘time is over’ in an earlier article, ‘Weltanschauungskrise’, *Neue Erde*, nos 31–32, 1919.

⁴⁹ Polanyi, *The Great Transformation*, pp. 262–4.

Yet his plans for a universal capital endowment have a clear line of descent from the Besançon printer's mutual funds, albeit organized on the scale of a complex mass society, as understood by Polanyi.

This helps to account for the seeming paradox of his conclusion: calls for 'a participatory socialism for the twenty-first century', as coda to a book that barely mentions the history of socialist thought. It is remarkable that such a project never once mentions Gramsci, who made the case more powerfully than any other thinker that socialists in the advanced-capitalist countries would have to fight a long battle for civil hegemony, attracting other subordinate groups to their banner. Piketty is by no means the pure auto-didact that Proudhon was. Yet there is a distinctly provincial quality to this neglect of historical sources on empire, capitalism, finance, revolution and ideology, which follows from a refusal to engage with other thinkers in this field—as if he were such a self-sufficient theoretical titan he had no need to read Schumpeter, Weber, Mayer, Brenner, Wood, Arrighi, Mann or Harvey. Here the method of *What Is Property?* finds an echo. Yet for all that, Piketty's work at its best expresses—as Marx said of Proudhon's—a deep and genuine feeling of indignation at the infamy of the existing order.