

Thomas Piketty: Confronting Our Long History of Massive Inequality

*We talked to the French economist about his new book *Capital and Ideology*, his thoughts on Covid-19, and more.*

By [Daniel Steinmetz-Jenkins](#) March 26, 2020



French economist Thomas Piketty poses during a photo session in Paris on September 10, 2019. (Photo by Joel Saget / AFP / via Getty Images / Courtesy of Harvard University Press)

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Thomas Piketty's voluminous 2013 book, *Capital in the Twenty-First Century*, created a rare academic frenzy in this country and beyond. It did so by playing a major role in offering a specific explanation for growing inequality, supported by an incredible amount of historical and statistical evidence going back to the 18th century in France, the United States, Britain, and Germany. The rate of return on inherited wealth in an economy, he argued, will always grow

faster than the income one earns through compensated labor. Increasing inequality is thus part of the very nature of capitalism, Piketty observed, and can only be checked through various kinds of state intervention. Critics of Piketty's book abound in all parts of the political spectrum, but it cannot be denied that *Capital in the Twenty-First Century* symbolized an emerging ethos in the wake of the 2008 financial crisis.

Seven years later, Piketty has returned with an even bigger and more ambitious book: *Capital and Ideology*. He sees this book as a follow-up to *Capital in the Twenty-First Century* but advances his findings in two ways: First, the previous book's claim that inequality tends to rise when the average rate of return on capital exceeds the economy's growth rate gave the impression that there was a kind of law-like necessity to capital, an impression that little can be done to change the institutions that produce inequality aside from taxing them. Instead, the new book boldly proclaims that inequality is ultimately rooted in ideology. "Every human society must justify its inequalities; unless reasons for them are found, the whole political and social edifice stands in danger of collapse." Societies justify inequalities, he argues, through "the realm of ideas" or what he describes as "the political-ideological sphere," which "is truly autonomous." Such a claim is sure to be debated. But the reason Piketty defends it is clear: to show that inequality is not natural and that it can be confronted and reshaped through sociopolitical mobilization.

And second, Piketty moves beyond the narrow geographical focus of *Capital in the Twenty-First Century*, to offer a global history of how different political systems have justified inequality, and how these systems have been transformed over time. These inequality regimes, as Piketty describes them,

include: ternary societies—composed of clergy, nobility, and common people—like the feudal system in pre-modern Europe or the Indian caste system; 19th and early 20th century ownership societies, like the bourgeois property-rights systems in France and Britain; 20th-century social democracies, which emerged in Europe after World War II; and what he describes as the "hypercapiatalism" of the postcommunist world order.

By focusing on the transformation of the underlying ideologies of these inequality regimes, Piketty shows that "sociopolitical mobilizations can reshape the organization of societies and inequality structures much faster than what most contemporary observers tend to imagine." It is in this spirit that Piketty offers his own policy proposals, such as power sharing in firms, a progressive wealth tax, a temporary ownership plan (the idea that the wealthiest private owners must return part of what they own to the community every year to facilitate the circulation of wealth), and various solutions for making Western societies more democratic.

Piketty spoke with *The Nation* about how his new book differs from the first, his thoughts about ideology, his progressive policy suggestions for curbing inequality, and COVID-19.

—Daniel Steinmetz-Jenkins

DANIEL STEINMETZ-JENKINS: The blockbuster success of *Capital in the Twenty-First Century* clearly caught you off guard. Now, six years later, you have written *Capital and Ideology*, which is nearly twice the length and unusually ambitious in its attempt to provide a long ranging historical explanation for modern inequality on a global scale. Do you feel a certain pressure to make this book live up to the expectations set by the previous work?

THOMAS PIKETTY: I believe this book is much richer and much more interesting than the previous one. *Capital in the Twenty-First Century* has many limitations. In particular, it is far too Western-centered. In addition, it tends to treat ideology and political attitudes toward equality and inequality as a kind of "black box." In *Capital and Ideology*, I try to address these two limitations by taking a more global perspective on the evolution of inequality

structures—in India, Brazil, South Africa, China, Russia, etc.—and devoting substantial attention to colonial societies and the modern legacies of slavery and colonialism. I also focus my attention on the transformation of the ideology of equality and inequality, that is, at the history of the different systems of justification of inequality. By looking at a broader range of historical experiences and trajectories, a strong conclusion emerges: the determinants of inequality are primarily political and ideological, rather than merely economic, technological, or cultural. Throughout history, I find, sociopolitical mobilizations can reshape the organization of societies and inequality structures much faster than what most contemporary observers tend to imagine. In particular, elites often tend to naturalize inequality, i.e., to present the currently existing structure and level of inequality as "natural"

and permanent. But this is not at all what we observe in history.

DSJ: In *Capital in the Twentieth Century* you argued that there are “Fundamental Laws of Capitalism,” and in particular claimed that inequality tends to rise when the average rate of return on capital exceeds the economy’s growth rate. By imputing a kind of law-like necessity to capital you gave the impression to some that there is little that can be done to change the institutions that produce inequality aside from taxing them. But the new book, it seems to me, tries to resist such a reading by insisting that “inequality is neither economic nor technological; it is ideological and political.” What do you mean by this?

TP: In my previous book, I indeed stressed the role played by the rate of return on capital, but I did not intend to take a deterministic approach to this. In particular, I emphasized the fact that the rate of return obtained by large wealth portfolios in global financial markets has been far greater than the world economy growth’s rate in recent decades, and the need for policy actions—including progressive wealth taxes—in order to curb these inequality trends. This theme also plays a role in my new book, and indeed top billionaire wealth has kept increasing at a very high rate over the past ten years, which probably contributes to explaining why democratic candidates like Bernie Sanders and Elizabeth Warren now advocate sharply progressive wealth taxes, which was not the case a couple of years ago.

I now take a much broader look at how the ideological transformations of the legal, fiscal, and educational systems have defined and redefined inequality regimes across space and time. Take the case of Sweden. Today, many people look at Sweden as intrinsically egalitarian and sometime attribute this to some kind of permanent Swedish “culture.” But that’s not so: Until the beginning of the 20th century, Sweden was a highly unequal country, and in many ways much more unequal than other European societies, particularly in its way of organizing the political domination of the nobility and the property owners over the rest of society. Between 1865 and 1911, the Swedish constitution applies a very imaginative system, whereby only the top 20% property owners can vote. Members of this group

have between one and one hundred votes, depending on the amount of their property and taxes. In municipal elections, there was no upper limit (and corporations have the right to vote), so that in several dozen Swedish municipalities more than 50 percent of the votes were held by a single vote. Following an intense (but relatively peaceful) mobilization by trade unions and the Swedish social-democratic party (SAP), things changed at a speed that nobody could have imagined at the time. Universal suffrage was imposed, the SAP took power in 1932, and Sweden’s administrative and state capacity was put to the service of a completely different political project. The careful registration of property and income was used to make people pay progressive taxes in order to finance education and health for all (rather than to distribute voting rights in relation to wealth). Throughout my book, whether I talk about Sweden, India, the US, France or China, I try to show that the level of equality or inequality is shaped by sociopolitical mobilization and ideological changes, rather than by permanent and deterministic factors.

DSJ: The global scale of your book can be daunting for the reader. A case in point is your analysis of different ideological regimes of the 19th century, such as bourgeois “ownership societies” in France and Britain, “slave societies” in the United States and Brazil, and “colonial societies,” such as India and the countries of Africa. All these regimes, you show, provided different justifications for inequality, and yet there does seem to be a common thread that holds the various types of regimes together, namely that they are beholden to what you describe as the ideology of proprietarianism. Can you elaborate on this ideology?

TP: In premodern societies, inequality regimes were structured around trifunctional ideologies. The nobility and the clergy were property-owning classes, but at the same time they were endowed with specific privileges and missions (law and order for the nobility, spiritual guidance and education for the clergy). Following the French and US revolutions, a new ideal emerged: everybody should have the same formal legal rights, and in particular the right to hold property. In practice, however, effective access to property was largely restricted to a very small part of the population. Throughout the 19th century and pretty much until World War I, the concentration of

wealth and economic power remained extremely high. The global accumulation of assets reached unprecedented levels in the context of Atlantic slavery and post-slavery colonial societies.

Things could have turned out differently. At the end of the 18th century, a number of thinkers—for example, Thomas Paine and the Marquis de Condorcet—did propose to put in place ambitious systems of progressive income and inheritance taxation in order to finance access to education and property (e.g., via a universal capital endowment in the case of Paine) and to abolish slavery with no financial compensation to slaveowners (or even with a compensation to former slaves in the case of Condorcet). Unfortunately, the balance of power between groups, which is always at the same time material and ideological, did not allow this trajectory to be taken.

During the 19th century and until 1914, the dominant discourse largely relies on the sacralization of property: progressive taxation is impeached (in accordance with the view that the opening of the Pandora's box of property rights will eventually destabilize the whole social order, an argument we still find in Hayek's writings in the 1980s), and slaveowners are to be fully compensated for their loss of property (under the same argument: if you expropriate a slaveowner with no compensation, what will you do with someone who rebalanced his portfolio and sold his slaves a few years ago?). This is how "liberal" intellectuals like Tocqueville defend the absolute moral necessity of a full financial compensation to slaveowners. This is also how Haiti ended up repaying an enormous public debt to the former French slaveowners over more than a century, between 1825 and 1950.

Things finally changed over the course of the 20th century. The rights of property owners were counterbalanced with the rights of workers, consumers, and local governments; the concentration of income and property was curbed by steeply progressive taxation; and a more equal access to education and health was developed. This led to a sustained decline in inequality, a rise in mobility, and an increase in economic prosperity and growth. We now know (or should know) that the key to prosperity is education and (relative) equality, rather than the sacralization of inequality and property. But it took

major shocks for these new solutions to be experimented with, and unfortunately human societies sometimes have short memories.

DSJ: Let's turn to the present political moment, one that given Donald Trump's presidency, Brexit, and the global turn to nationalism, is typically described as being a populist reaction to the undoing of the social-democratic regime by neoliberalism. You don't like the term "populism." Why is that?

TP: The problem is that the term "populism" is used to refer to completely different things. Some people would like to use it to refer to both Trump and Sanders in the US, or to Bolsonaro and Lula in Brazil, or to Le Pen and Mélenchon in France. Very often, it is used as a convenient rhetorical device by people who claim to be in the center (but in practice are often extremist neoliberals!) who wish to disqualify anyone who disagrees with them and who manages to attract lower-class socioeconomic voters a bit more than they do (which is not setting the bar very high). When I talk about Trump and Sanders, Bolsonaro and Lula, Le Pen and Mélenchon, I prefer to talk about nationalism vs. socialism. Of course, there are enormous variations within these two ideological families, just as there are within the liberal and neoliberal ideologies (by the way, I prefer to refer to a "neoproprietary" ideology rather than to "neoliberalism," so as to stress the key role of property relations and to avoid the ambiguities associated with the idea of liberalism). The purpose of my historical inquiry is to try to give more precise content to these ideas and to analyze how they evolve over time and around us. But the point is that "nationalism" and "socialism" appear to be more useful terms than that of "populism."

DSJ: You suggest in the book that the left around the globe has now become dominated by what you describe as the emergence of a Brahmin educational elite that defends cultural diversity. Its main rival, you state, has been a commercially minded merchant right that defends the free market. Having experienced neither the elite education of the Brahmin left nor the prosperity of the merchant right, those excluded, you argue, now turn to nativist parties. To what extent do you think the Brahmin left and the merchant right

might form a coalition or even a party to confront the new nationalist movements?

TP: The Brahmin left may not offer much in terms of redistribution and social policies, but this is still better than the merchant right, especially given that the latter has become more and more xenophobic over time (as exemplified by Trump). The possibility of a coalition between the most affluent and the most internationalist segments of the Brahmin left and the merchant right corresponds to the strategy followed by Macron in France. The problem is that this coalition of the elites has very limited appeal for lower-class and lower-middle-class voters and may finally lose the battle against the social-nativist coalition.

Le Pen might still be far from winning a national election in France, but it is not entirely impossible that her party could take control of a couple of regions in the regional elections of 2021. In the longer run, the Macron coalition of the Brahmin left and the merchant right opens the way for a sort of French Salvini—the recent former deputy prime minister and interior minister of Italy. The general problem that we are facing is the following: If we do not open up new perspectives in terms of social progress and economic justice, and if the “neoliberal centrists” keep pretending that there is only one possible economic policy (basically to the benefit of the most affluent), then we run the risk that the political discussion is going to be more and more about identity, which will provide a winning ground for the nationalists and the nativists.

DSJ: You have a lot of ideas for how to overcome the growing appeal of nativism, such as sharing power in firms, a progressive wealth tax, a temporary ownership plan—the idea that the wealthiest private owners must return part of what they own to the community every year to facilitate the circulation of wealth—and making the EU more democratic. What, though, is the place of grassroots politics and social movements in your vision of social change, both past and future?

TP: Real change always has to come from grassroots politics and social movements. All I am doing in this book is attempting to put into a broad historical and comparative perspective a number of evolutions that have already started to happen. The progressive

wealth tax is now being proposed by a number of Democratic candidates in the US, and the German Social Democrats also propose to reintroduce it. Things were very different just five or ten years ago. Ideas about co-management and increasing workers’ rights on corporate boards are now being discussed in Britain, France, and in the US, while historically they have been limited to countries like Germany and Sweden. With citizens from all across Europe, we have also developed a manifesto to transform European institutions in a [social-federalist direction](#). All across the world, we see social movements demanding more economic justice, and we also see the need to rethink the organization of economic globalization in order to address social and environmental changes.

Of course, it is always possible to go further and faster. In my book, I propose the concepts of participatory socialism and social-federalism to describe these transformations and to offer a perspective on them. Participatory socialism rests on two main pillars: educational justice and the permanent circulation of property. Educational justice must be effective and verifiable, which is not at all the case today: in many countries, including France, socially disadvantaged children actually receive smaller educational investments than socially advantaged kids do. The permanent circulation of property requires the “inheritance for all” scheme (so as to rebalance bargaining power in society), more voting rights for workers, and a limitation of the concentration of voting rights for single shareholders in large companies. The basic idea of “social-federalism” is that socioeconomic relations between countries should be subject to binding objectives regarding social, fiscal, and environmental justice. In other words, you cannot have free capital flows and free exchange of goods and services if you do not have a common and verifiable system of social objectives (a minimum wage, labor rights, etc.), fiscal justice (minimal common taxation of the largest transnational economic actors), and environmental protection (such as verifiable targets of carbon emissions).

It will take time, but I think that in the long run we’ll be moving in this sort of direction. For a simple reason: the nationalist and nativist road map that we see today with Trump, Johnson, Le Pen, or Modi might be easier to follow in order to gain immediate

popularity; but in the long run, it will not solve the social and environmental problems that we need to solve, and that are not going to go away.

DSJ: COVID-19 has caught the world off guard, and the coming economic consequences of the pandemic appears to be a global crisis the scale of which is difficult to predict. What must be done to adequately address the situation, and to what extent is the ability of political and economic actors limited by the institutional arrangements that have exacerbated growing inequality in recent years?

TP: Times of crisis are times when existing conceptions about the economy are being challenged

and when new political-ideological trajectories can arise. COVID-19 illustrates the fact that public authorities can choose to regulate economic forces if they so wish. The question is whether we'll be able to act strongly in order to address global warming or rising inequality. Together with the 2008-2012 bank bailout and money creation, the 2020 health crisis will challenge long-standing discourses about laissez-faire and will feed social demand for other intervention. For now, however, the only issue is survival: we need to do everything we can to avoid a dreadful rise in the number of casualties.

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