Relations industrielles / Industrial Relations

Thomas Piketty. *Capital and Ideology*, translated by Arthur Goldhammer, Harvard University Press, Cambridge MA, 2020, 1093 p., ISBN 9780674980822

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Volume 77, Number 2, 2022

URI: https://id.erudit.org/iderudit/1091596ar
DOI: https://doi.org/10.7202/1091596ar

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Publisher(s)

Département des relations industrielles de l'Université Laval

ISSN

0034-379X (print)
1703-8138 (digital)

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Cite this review

Hanin, F. (2022). Review of [Thomas Piketty. *Capital and Ideology*, translated by Arthur Goldhammer, Harvard University Press, Cambridge MA, 2020, 1093 p., ISBN 9780674980822]. *Relations industrielles / Industrial Relations*, *77*(2). https://doi.org/10.7202/1091596ar

Recensions

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http://doi.org/10.7202/1091596ar

Capital and Ideology is a scholarly study of inequalities in major societies around the world, over the course of more than four centuries. It is the author's third large publication, after *Les hauts revenus en France au XXe siècle* (2001), and *Capital in the 21st Century* (2014). This review will try to convince Industrial Relations (IR) scholars about the value of this book, not only its achievements but also its weaknesses. Picketty adopts two central premises. First, he makes the epistemological assumption of continuity in history, i.e., short-term crises and changes are driven by long-term ideological trends (p. 113). Second, he views inequality as being socially constructed through interactions between Capital, with its conflicts over ownership, and Ideology, with its intellectual conflicts (pp. 3-4).

One of the book's main achievements is the quality of its data, in terms of the statistical sources and the clarity of the figures. It also shows how public policies are key to collection of statistical data. Tax policy is thus key to collection of fiscal data, and our knowledge about inequalities is in line with the quality of tax policies.

It is neither possible nor worthwhile to sum up the content of such a large comparative study from the social sciences. Instead, this review will cover Piketty's "principles" with respect to the inequalities he identifies in the introductory chapter and then suggest possible links with IR.

"Ownership societies of the sort that flourished in Europe in the nineteenth century drew a sharp distinction between the property question (with universal property rights theoretically open to all) and the power question (with the centralized state claiming a monopoly of regalian rights)" (pp. 5-6). In IR, ownership societies are related to the third and fourth industrial stages described by J.R. Commons in his text about shoemakers.

"Inequality today is strongly influenced by the system of borders and national sovereignty, which determines the allocation of social and political rights." (p. 6). Thus, fiscal issues, labour issues and regulations are mainly defined within a system of borders and national sovereignty. Of course, there are some international forms of regulation through the ILO or international sectoral unions. But it is still difficult to imagine an international labour code.

"Inequality is neither economic nor technological: it is ideological and political" (p. 6). On labour and employment issues, the same debate exists between, on the one hand, proponents of external constraints (natural, technological, financial, etc.) as the main explanation of value-added distribution and, on the other hand, proponents of social relations, like conflicts, negotiations and political compromises.

"Change is permanent and inevitable" (p. 7). It is hard to understand the historical evolution of stable institutional regimes. A universal category, like inequality or work, is chosen on the implicit assumption that its meaning is sufficiently stable to show continuity between regimes, even though change may take the form of discontinuities, like conflicts or even revolutions.

"(…) I am convinced that unbiased examination of the available sources is the only way to make progress." (p. 9). The statistical examination of inequality in the book is quite impressive. But it is difficult to agree with the idea that progress in the political-ideological sphere depends mainly on facts. In labour and employment regulations, scandalous situations, conflicts, even violence, are usually more important in explaining the evolution of regulations than a mere process of "fact checking."

"Societies create social, fiscal, and legal categories to describe, measure, and transform themselves." (p. 9). The same idea applies to IR where categories are created by social and political decisions, in the case of unemployment, for example.

"The economy is at the heart of politics; responsibility for it cannot be delegated, any more than democracy itself can." (p. 13). It may be surprising to consider the centrality of economy in politics, no matter what regime or period we are looking at. This hypothesis looks like an implicit Marxist one. But for Piketty, it means that "democratic diffusion of knowledge" is essential for public debate and that the economy should not be seen as a sphere of exclusive influence by experts. Likewise, education of workers, self-management and the role of collective actors in regulations are permanent themes of IR.

"[H]uman progress exists, but it is fragile. It is constantly threatened by inegalitarian and identitarian tendencies." (p. 16). Progress in work and employment relations is also a piece of evidence, as we examine working hours or wages over the long term. But average data are less meaningful in the context of higher inequality, as exemplified by the polarization of the labour market in the current period.

"It is hard to envision solutions to other major problems such as immigration and climate change if we cannot both reduce inequality and establish a standard of justice acceptable to a majority of the world's people." (p. 20). According to Piketty, growing inequalities mean a lower standard of living for the majority of the population, as illustrated by the elephant curve. In the Canadian labour market, for example, such a curve is observable.[1]

"The current inequality regime, which I call neo-proprietarian, bears traces of all regimes that preceded it." (p. 29). Likewise, earlier regimes may be present in contemporary IR as either a source of inspiration or a source of regulation, as exemplified in contemporary tripartite social dialogue.

"Today's identity politics is fueled, I argue, by the lack of a persuasive internationalist egalitarian platform – in other words, by the absence of a truly credible social federalism" (p. 47). In IR, international labour laws and regulations are highly studied, for example with the idea that there exist some fundamental individual and collective rights, whatever the local context of work and employment may be.

"All societies have two essential needs – meaning and security." (p. 59). In IR, it is possible to find analogues to Picketty's "essential needs," like industrial peace and employment quality.

We should praise the author's intellectual honesty because it is very rare that such "principles" are explicitly set forth in the introduction to a book about such complex problems as inequality of wealth. For IR, this book provides a solid framework in which to analyze work and employment relationships from a comparative perspective. Each of the six inequality regimes presented in the book may be related to a specific IR configuration. The most difficult chapter to read without prior knowledge is perhaps the one about India[2] because inequalities are so bound up with that country's highly complex social structure.

The last chapter presents Piketty's proposals about fiscal and property regimes for the present time. He favours collective management in companies without dominance by one main shareholder and an end to large inherited fortunes. He proposes a universal public capital endowment at age 25 (p. 983), which is different from (but not necessarily incompatible with) the idea of a universal basic income.

Other reviews have correctly pointed out that Piketty's analysis of inequalities is mainly based on a European vision, a shortcoming he is aware of (p. 1038).[3] This raises the issue of the link between capital and inequality. Is it not a Western way of seeing the source of heterogeneity within societies? Capital, as a pricing of wealth, may be the result of inequality and not its source. In many societies, social differences—due to ethnicity, community, religion, language, education, employment, etc.—may be the driving source of inequality, much more so than capital as property or ideology.

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Every review is supposed to stress some weaknesses of the book. This is a highly arbitrary exercise because every piece of writing has its limitations (even those with more than a thousand pages), and the history of both concepts—Capital and Ideology—in the social sciences is so broad that it is impossible to refer to all intellectual traditions. Here I will focus on some of the limitations of Picketty's conceptualization of Capital.

First, Capital is not clearly distinguished from property and wealth. It is thus difficult to compare inequality regimes without knowing what kind of revenue is produced by each type of capital, how capital is valued (historical transactions, market, collective rules, speculation, etc.), and its meaning for society as a legitimate source of power. The reader has to reconstruct these relations from the mass of data and information given by the author.

Second, Capital is considered to be a net asset, without any structural relations to debt. From a traditional point of view, that assumption is not surprising. But from a heterodox economic point of view, it is highly debatable because the literature about endogenous money and finance is now very large. The assumption is arbitrary if it perpetuates a solipsism by allowing the reader to think that Capital exists before economic activity and is independent of work and money. It is not the place here to discuss Marx's two circuits of capital: C-M-C and M-C-M'. Historical analysis of data is therefore not immune to such theoretical debate.

Third, Capital is supposed to be owned by individuals, or an elite (the sum of rich and influential individuals). As such, the book is much in line with traditional economic analysis, in which collective actors are not, either directly or indirectly, independent of individuals. But for such large organizations as the Church, industrial companies or even the State, individualism is not such a straightforward way to study macro and historical changes. The analysis in the book lacks meso analysis and collective and social actors. Regimes are presented as the sum of political events, but without analysis of the complexity of dominant organizations. As an illustration, the analysis of contemporary societies in Chapter 13 about hyper-capitalism minimizes the role of the banking and financial sector, or what we now call financialization (pp. 700-705).

Fourth, Capital is not systematically related to the means of control in social relations. It is difficult to understand what causes the stability of a property regime and what causes resistance to that means of control. Without such analysis, it is difficult to link Capital more closely to inequalities. Of course, fiscal analysis barely considers the sources of control, since taxation is independent of such social relations. If, however, we wish to discuss social justice, we could argue that analysis of control becomes central to understanding of capital accumulation, both for the genesis of inequalities and their reduction. For example, colonial accumulation in Algeria was largely related to the *Indigenous Code*, which was the foundation of double taxation and "free" labour as a legal means of paying for legal decisions.[4] For each property regime, could we argue that a limited repertoire of institutional control is germane to capital accumulation and central to the development of inequalities?

Part 4 of the book is a political analysis of contemporary conflicts related to inequality. From a North American perspective, Chapter 15 is very interesting for understanding the demise of progressive politics. As the author explains: "the US party system in the period 1990-2020 has become a system of multiple elites, with a highly educated elite closer to the Democrats (the "Brahmin left") and a wealthier and better-paid elite closer to the Republicans ("merchant right")" (p. 815). It is hard to see in the argumentation of the book how social federalism, favoured by the author in Europe, could reduce the cleavage between the elite and the rest of the population. Progressive taxation thus lacks political legitimacy (pp. 892-918).

The book's great strength is its multidisciplinary approach to inequality, an approach that the social sciences have recognized as legitimate for both teaching and research. Statistical analysis is always used to assist the text (rather than the other way around), and figures are constructed to illustrate social issues. As such, the reader will enjoy more narrative and fewer bells and whistles, and social science departments will gain a renewed appreciation for monographs.

Notes

[1] Frenette, Marc; Hou, Feng; Morissette, René; Wannell, Ted; Webber, Maryanne. 2008. *Earnings and Incomes of Canadians Over the Past Quarter Century, 2006 Census*. Statistics Canada, available at : (https://www150.statcan.gc.ca/n1/en/catalogue/97-563-X2006001)

[2] Elsewhere, the author explains that this chapter was the most interesting one to write. See Revue de la régulation, autumn 2020, Pour une économie politique et historique : autour de Capital et Idéologie, Entretien avec Thomas Piketty conduit par Agnès Labrousse, Matthieu Montalban et Nicolas Da Silva. In French.

[3] See Sanchez-Ancochea, D. (2021). All about ideology? Reading Piketty's with Latin American lenses. *British Journal of Sociology*, 72: 125-138.

[4] See for example Weil, P. (2005). The history and memory of discrimination in the domain of French nationality: The case of Jews and Algerian Muslims. *HAGAR International Social Science Review*, *6*(1), 49-73.

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