

Thomas Piketty's New Book Brings Political Economy Back to Its Sources

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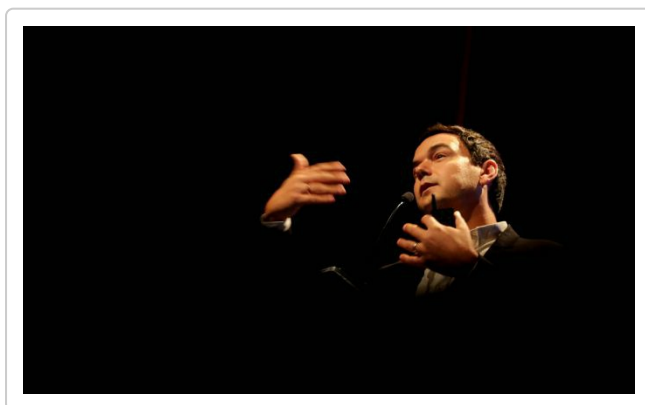
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*In the same way that *Capital in the Twenty-First Century* transformed the way economists look at inequality, Piketty's new book *Capital and Ideology* will transform the way political scientists look at their own field.*

Thomas Piketty's books are always monumental. Some are more monumental than others. His *Top Incomes in France in the Twentieth Century: Inequality and Redistribution, 1901–1998* (published in French as *Les hauts revenus en France au XXe siècle*) covered more than two centuries of income and wealth inequality, in addition to social and political changes in France. His international bestseller *Capital in the Twenty-First Century* (*Le capital au XXI siècle*) broadened this

approach to the most important Western countries (France, the United States, United Kingdom, and Germany). His new book *Capital and Ideology* (to be published in English in March 2020; already published in France as *Capital et idéologie*) broadens the scope even further, covering the entire world and presenting a historical panorama of how ownership of assets (including people) was treated, and justified, in various historical societies, from China, Japan, and India, to the European-ruled American colonies, and feudal and capitalist societies in Europe. Just the mention of the geographical and temporal scope of the book suffices to give the reader an idea of its ambition.

Before I review *Capital and Ideology*, it is worth mentioning the importance of Piketty's overall approach, present in all three of his books. His approach is characterized by the methodological return of economics to its original and key functions: to be a science that illuminates the interests and explains the behaviors of individuals and social classes in their quotidian (material) life. This methodology rejects the dominant paradigm of the past half-century, which increasingly ignored the role of classes and heterogeneous individuals in the process of production and instead treated all people as abstract agents that maximize their own income under certain constraints. The dominant paradigm has emptied almost all social content from economics and presented a view of society that was as abstract as it was false.



Thomas Piketty. Photo by [Fronteiras do Pensamento /Greg Salibian](#) [CC BY-SA 2.0]

The reintroduction of actual life into economics by Piketty and several other economists (not entirely coincidentally, most of them are economists interested in inequality) is much more than just a return to the sources of political economy and economics. This is because today, we have vastly more information (data) than was available to economists a century ago, not only about our own contemporary societies but also about past societies. This combination between political economy's original methodology and big data is what I call "turbo-Annales," after the French group of historians that pioneered the view of history as a social science focusing on the broad social, economic, and political forces that shape the world. The topics that interested classical political economy and the authors associated with the Annales School can now be studied empirically, and even econometrically and experimentally—things which they could not do, both because of the scarcity of data and unavailability of modern methodologies.

It is within this context that, I believe, we ought to consider Piketty's *Capital and Ideology*. How successful was his approach, applied now to the world and over a very long time-horizon?

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For the purposes of this review, I divide Piketty's book into two parts: the first, which I already mentioned, looks at ideological justifications of inequality across different societies (Parts 1 and 2 of the book, and to some extent Part 3); the second introduces an entirely new way of studying recent political cleavages in modern societies (Part 4). I am somewhat skeptical about Piketty's success in the first part, despite his enormous erudition and his skills as a raconteur, because success in discussing something so geographically and temporally immense is difficult to reach, even by the best-informed minds who have studied different societies for the majority of their careers. Analyzing each of these societies requires an extraordinarily high degree of sophisticated historical knowledge regarding religious dogmas, political organization, social stratification, and the like. To take two examples of authors who have tried to do it, one older and one more recent: Max Weber, during his entire life (and more specifically in *Economy and Society*), and Francis Fukuyama in his two-volume masterpiece on the origins of the political and economic order. In both cases, the results were not always unanimously approved by specialists studying individual societies and religions.

In his analysis of some of these societies, Piketty had to rely on somewhat "straightforward" or simplified discussions of their structure and evolution, discussions which at times seem plausible but superficial. In other words, each of these historical societies, many of which lasted centuries, had gone through different phases in their developments, phases which are subject to various interpretations. Treating such evolutions as if they were a simple, uncontested story is reductionist. It is a choice of one plausible historical narrative where many exist. This compares unfavorably with Piketty's own rich and nuanced narrative in *Top Incomes in France in the Twentieth Century*.

While I am somewhat skeptical about that first part of the book, I am not skeptical about the second. In this part, we find the Piketty who plays to his strength: bold and innovative use of data which produces a new way of looking at phenomena that we all observe but were unable to define so precisely. Here, Piketty is “playing” on the familiar Western economic history “terrain” that he knows well, probably better than any other economist.

This part of the book looks empirically at the reasons that left-wing, or social democratic parties have gradually transformed themselves from being the parties of the less-educated and poorer classes to become the parties of the educated and affluent middle and upper-middle classes. To a large extent, traditionally left parties have changed because their original social-democratic agenda was so successful in opening up education and high-income possibilities to the people who in the 1950s and 1960s came from modest backgrounds. These people, the “winners” of social democracy, continued voting for left-wing parties but their interests and worldview were no longer the same as that of their (less-educated) parents. The parties’ internal social structure thus changed—the product of their own political and social success. In Piketty’s terms, they became the parties of the “Brahmin left” (*La gauche Brahmane*), as opposed to the conservative right-wing parties, which remained the parties of the “merchant right” (*La droite marchande*).

To simplify, the elite became divided between the educated “Brahmins” and the more commercially-minded “investors,” or capitalists. This development, however, left the people who failed to experience upward educational and income mobility unrepresented, and those people are the ones that feed the current “populist” wave. Quite extraordinarily, Piketty shows the education and income shifts of left-wing parties’ voters using very similar long-term data from all major developed democracies (and India). The fact that the story is so consistent across countries lends an almost uncanny plausibility to his hypothesis.

It is also striking, at least to me, that such multi-year, multi-country data were apparently never used by political scientists to study this phenomenon. This part of Piketty’s book will likely transform, or at least affect, how political scientists look at new political realignments and class politics in advanced democracies in the years to come. In the same way that *Capital in the Twenty-First Century* has transformed how economists look at inequality, *Capital and Ideology* will transform the way political scientists look at their own field.

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