

Commonwealth of Learning

Book review for Connections – “*In Focus*”

Is greater inequality inevitable?

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Book Review of *Capital and Ideology* by Thomas Piketty
Harvard University Press, Published March, 2020
(first published in French by Editions du Seuil, Paris, 2019)

Reducing inequality of income around the world is the perennial aim of international development. But today, growing inequalities *within* national populations have become pressing social issues. The French economist Thomas Piketty, whose 2013 book, *Capital in the 21st Century*, sold 2.5 million copies in 40 languages, can take the credit for putting inequality at the centre of contemporary political and intellectual discourse. Manifesting itself on dimensions such as income, wealth, education and employment, inequality has attracted a spate of books, including *Plutocrats: The Rise of the New Global Super-Rich and the Fall of Everyone Else*, (Doubleday Canada, 2012) by Chrystia Freeland, who is now deputy prime minister of Canada.

Piketty’s new book, *Capital and Ideology*, expands our understanding of inequalities by setting their evolution in a global historical context. Through a thousand pages of analysis he corrects three common weaknesses in other studies. First, much contemporary commentary on inequality focuses only on recent decades, whereas Piketty delves back into its manifestations in previous centuries. Second, most other writing focuses almost exclusively on Europe and the United States. Piketty casts his net wider, examining in detail, for example, the historical record of inequalities in India before, during and after British rule. Third, he debunks the fatalistic view that increasing inequality is a built-in feature of modern societies and an unavoidable trend.

The central feature of his new book is its focus on the ideologies underpinning inequality. He argues that:

“Each human society must justify its inequalities: it must find reasons for them, otherwise its whole political and social structure will face the threat of collapse... Our historical analysis yields an important conclusion: human development and

social progress depend on the fight for equality and education; not by treating property rights, stability and inequality as sacred.”

His review of the systems underpinning inequality starts with the ancient and widespread regime of the ‘ternary society’, with its three classes of priests, nobles, and ordinary people: workers and peasants. He then examines the extreme inequality in countries that had slavery and in the overseas colonies of western powers. Particular attention is given to India’s caste systems, which British rule ossified making subsequent change more difficult.

The French Revolution was a turning point in the evolution of ideologies supporting inequality. Although traces of the ternary society persisted for over a century, centralised government gradually took over the status of the clergy and nobility. The 19th century saw the emergence of ‘societies of owners’, leading once again, by the beginning of the 20th century, to extreme inequalities of income and wealth in Europe and the United States. Political pushback against such inequity was already underway when the First World War and the Russian Revolution changed these societies permanently, leading in the West to the development of social democracy.

In *The Great Leveler: Violence and the History of Inequality from the Stone Age to the 21st Century*, (Princeton University Press, 2017), Walter Scheidel argued that while mass mobilisation warfare, revolutions, state collapse and epidemics may have reduced inequalities in the past, we should not wait for such catastrophes to create a fairer balance of incomes and wealth today. Countries must rely instead on the political processes of taxation, social support and extending access to education.

Agreeing with Scheidel, Piketty concludes his book by building the case for government action to redistribute wealth and income more fairly and proposing mechanisms for that. He stresses that from 1950 to 1980, when Europe and the United States had high taxes on the rich, economic growth was stronger than it has been ever since. But after the collapse of what he calls ‘the disaster of communism’ the notion of redistributing income and wealth fell out of fashion. Other countries followed the lead of Reagan and Thatcher who argued, wrongly as it turned out, that high taxes on the rich hindered entrepreneurship and economic growth.

Today the tide seems to be turning. This year's US election campaign features robust discussions of income redistribution. Elsewhere, movements like France's '*gilets jaunes*' express the feelings of ordinary people that they are being left behind while an elite accumulates obscene wealth. Piketty insists that a trend towards greater inequality is not inevitable. His sweeping historical analysis shows that societies can make choices among their possible avenues for development. Good education for all is the key to enabling people to chart their own futures. Ensuring equal access to education is the principal means for reducing inequality generally.