Review of Thomas Piketty's *Capital et idéologie*. Paris: Seuil, 2019, 1232 pp.

Antoinette Rijsenbilt
Erasmus University Rotterdam

Cornelis van der Kooi
Vrije Universiteit Amsterdam / Erasmus University Rotterdam

The world has seen an era of unprecedented economic growth over the past decades (IMF, 2011), which made people on average better off. Overall speaking, however, the rich have become richer. Inequality has thus increased. Piketty addresses this development as a problem that poses a great risk of destabilizing modern societies and fueling social nativism. Most chapters of this huge study are dedicated to a historical analysis spanning class societies to owner societies, where private property attained an almost sacrosanct status. Whereas the historical chapters might be the most interesting because they are well founded, the bulk of reactions to this book concentrate on the proposed solution: a radical revision of property rights and redistribution of property. This review focuses on two issues underlying Piketty's analysis: (1) the inequality issue and (2) the question of the image of the human being.

(1) The assumption that inequality tends to be detrimental to society is not necessarily true. The assumption of the poor getting poorer is not valid in the case of economic growth. This assumption of zero-sum will only be valid if there is no economic growth. We should also decompose the concept of inequality. However, in this book, which is more political than the author's former bestselling book of 2014, no real space is given to the decomposition of inequality. In this new book, Piketty argues that the level of inequality is due to political and ideological choices. Piketty, however, fails to address why economic equality is a moral concern; he sticks to a political ideology by stating that inequality is ultimately bad in itself—an assumption that he neither discusses nor argues for. Piketty also states that egalitarian societies are more stable than unequal societies, but economists still debate whether egalitarian societies grow quicker and are more stable than unequal societies. Research shows that inequality is on the rise and the gap between the rich and the poor is widening (IMF 2011). Economists used to think that overall economic growth would benefit everyone. The unspoken bargain of the market system implied that everyone would benefit and would see higher living standards of the rich

getting richer. Taxpayers are, however, paying the bill for troubles in the financial industry during the financial crisis, and wage-earners have seen their pay stagnate or worse (IMF 2011). According to the Organization for Economic Cooperation and Development (OECD; Cingano 2014), growing inequality leads to social resentment and generates political instability. Angel Gurría, the OECD Secretary-General quotes: "People will no longer support open trade and free markets if they feel that they are losing out while a small group of winners is getting richer and richer" (IMF 2011, 1). Andrew Berg and Jonathan Ostry, IMF economists, state that inequality is counterproductive and that more equal societies have a greater likelihood of sustaining growth. The IMF and the OECD thus claim that inequality has a negative impact on economic growth.

It is important to note that research on this topic is more inconclusive than reported by the IMF and the OECD. The late Yale economist Arthur Okun argued in his influential book that a more equal distribution of incomes may reduce incentives to work and invest, and that efforts to redistribute, through e.g. tax mechanisms, can themselves be costly (Okun 1975). Neves et al. (2016) review 28 studies investigating the association between inequality and growth, and conduct a meta-analysis. The results of this study show that the estimated coefficient of the effect of inequality on growth varies between −0.14 and +0.16. Thus, there are studies documenting a negative correlation between inequality and growth, as well as others finding positive signs. One explanation for the inconclusive empirical literature on income inequality and growth might be the omitted variable of (un)equally distributed opportunities, defined as the material circumstances of parents as binding constraints on the opportunities for their children (Aiyar and Ebeke 2020). Fuest et al. (2018) conclude that there is no basis in either theoretical or empirical economic research for a mechanic relationship between inequality and growth, and that this certainly can never be a guideline for economic policy.

(2) What is the implied image of the human being as agent in the new society of Piketty? It is remarkable that he omits an analysis of human behavior and a discussion of virtues and vices that drive human behavior. The sources of Piketty's own ideology remain undeveloped. Piketty's caution for the danger of excessive inequality, however, must be taken seriously. At the same time, one should not forget that virtuous behavior is something that is often the effect of both intrinsic and extrinsic motives and triggers. Reducing income inequality as a moral idea opposes heterogeneity between individuals in their motivations and abilities (Agarwal and Holmes 2019). There is an extensive literature concerning the nature of fairness and the detrimental effects of a weaker link between performance/effort and rewards (Baron 2017). Decreasing income inequality involves large taxes for high incomes, which may reduce motivation to work hard and achieve excellence (Baron 2017). However, initiative, effort, trustworthiness, and creativity should have their reward—without being absolutized as the mere ground for

enjoying possessions and goods. A policy that strives for justice and human dignity balances between intrinsic and extrinsic motives.

Piketty himself seems to exemplify particularly the last option: extrinsic pressure. What does Piketty himself earn from his books? A bestseller can slide around quite a bit. Thanks to those hyperventilating economists, everyone suddenly wanted to get the translation and a copy of the book. The Frenchman is expected to receive 17.5% royalties and the average price of the booklet is €30. He would then earn a certain amount of €2 million. When an interviewer asked about his own personal wealth received from royalties, Piketty answered that this amount of money is waiting in a bank account until the government changes the rules of wealth taxes, because he would like to pay even more tax. It is a pity that Piketty is not willing to distribute his wealth to the poor voluntarily. The psychology literature informs us that people are susceptible to cognitive dissonance: on the one hand, we are all in favor of a fairer society, of course, but as soon as the logical consequences of this threaten to manifest themselves in our own bank account, things suddenly no longer need to be so urgent.

On the way to a society where property is never absolutized but is embedded in the relation to the human and non-human world, steps should be made, but not without wisdom and a solid idea of the human being.

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