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Thomas Piketty

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# Capital, Power and the Learning of Justice

Symposium on:

Thomas Piketty, *Capital and Ideology*, Cambridge, MA:  
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Thomas Piketty\*

I am most grateful to the editors of *Æconomia – History / Methodology / Philosophy* for putting together such a stimulating set of review essays about my book *Capital and Ideology*. There is no way I can do justice to the richness of each review, and it is impossible to address all the stimulating points that they raise. I would like, however, to take this opportunity briefly to clarify a limited number of issues regarding what I have tried to achieve in this book and the many limitations behind such a project.

## 1. Elements for a Global History of Inequality Regimes

In *Capital and Ideology*, I attempt to provide some elements for a global history of inequality regimes, that is, a history of the systems and institutions by which inequality is justified and structured, from premodern trifunctional and slave societies to modern postcolonial and hypercapitalist ones. One of main conclusions is that inequality is primarily political and ideological, rather than economic and technological. This is illustrated by the large diversity of socio-historical trajectories, which I uncover and analyze over time and across the five continents. I also stress that there exists a long-term trend towards more equality, and I attempt to draw positive and constructive lessons for the future. As emphasized by Andrew Leigh in his review, this is fundamentally an optimistic book, in the sense that I believe in the possibility to learn from history and to pursue the march towards equality.

Obviously, such a global historical project is never-ending. No book can exhaust so vast a subject. All my conclusions are tentative and fragile, by their very nature. They are based on research that needs to be supplemented and extended in the future. My objective is certainly not

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\*EHESS and Paris School of Economics. [thomas.piketty@psemail.eu](mailto:thomas.piketty@psemail.eu)

to close the subject, but rather to help readers clarify their own ideas and their own ideologies of social equality and inequality and to stimulate further reflection on these issues.

In particular, despite my best efforts to decenter our gaze, I have to say that this book remains unbalanced—somewhat less so than my previous book, but still quite unbalanced on the whole. In *Capital and Ideology*, I try to offer a global and connected perspective on the history of inequality regimes. I stress throughout the book the central role that the colonial and post-colonial legacy plays in understanding the past, the present and the future (an issue to which I will return below, when I discuss the question of reparations). Nevertheless, the experiences of France, Europe and the United States are constantly cited in *Capital and Ideology*, much more so than their demographic weight warrants. The experiences of Africa, Latin America and Asia are also addressed, but not with the same level of precision and knowledge. Jack Goody, in his book *The Theft of History*, rightly denounced the often-irresistible temptation to write history from a Western-centric point of view, which afflicts even well-intentioned social scientists. Writers routinely and wrongly attribute to Europe and America inventions or even cultural practices such as courtly love, the love of liberty, filial affection, the nuclear family, humanism, and democracy. I have tried to avoid this bias, but I am not sure I have fully succeeded.

The reason is simple and should be acknowledged: my gaze is profoundly influenced by my cultural roots, the limits of my knowledge, and above all by the serious weakness of my linguistic competence. This book is the work of an author who reads fluently only in French and English and who is familiar with only a limited range of primary sources. Yet this study ranges widely—perhaps too widely—and I again beg the pardon of specialists in other fields for the approximations and condensations they will find. I hope that this work will soon be complemented and superseded by many others, which will add to our understanding of specific inequality regimes, especially those in the many geographical and cultural regions poorly covered by this work.

## **2. Power, Ideology and Indeterminacy: Borders and Property**

Let me now come to the main point that I would like to clarify in this essay. Although I believe in the role of ideas and ideology in shaping the global history of inequality regimes, I certainly do not think that ideas alone can change the world. Without major shifts in the balance of power and material forces, ideologies have little impact. But without specific ideas and ideologies on how to transform the world, material and social forces alone do not know where to turn.

Throughout my book, I emphasize that the balance of power and the (often violent) political confrontation between antagonist social interests play a central role in the transformation of inequality regimes. For instance, the beginning of the end of slave societies in the Atlantic world started with the 1791 slave revolt in Saint-Domingue—not in enlightened discussions in Parisian salons or in parliamentary assemblies. The occurrence of other revolts (e.g., in Guadeloupe in 1802 or in Jamaica in 1831) and the threat of new ones also played a central role in the British and French abolitions of 1833 and 1848. In the same manner, the end of aristocratic privileges in European societies of orders was to a large extent the consequence of revolutionary events and peasant revolts (e.g., in France in 1788-1789). During the late 19<sup>th</sup> century and the first half of the 20<sup>th</sup> century, the balance of power between capital owners and industrial workers was redefined by trade-union mobilization and social struggles, the Bolshevik revolution and the existence of a communist threat. Without such dramatic shifts in the balance of power, it is difficult to see how the proprietarian societies of 1914 could have been replaced by social-democratic societies in Western Europe after 1945. At the global level, I also build upon an extensive historiography to show that the rise of the West over the 1700-1900 period was largely due to the superior military and fiscal capacities of European state powers. Similarly, differences in collective mobilization capabilities and military strength played no small role in independence wars and the end of colonial societies. The U.S. Civil War put an end to slavery in the U.S. in 1865, and it took enormous African-American mobilization to end racial discrimination in 1964-1965. And so on.

At the same time, I also stress throughout the book that the balance of material power and social forces needs to be supplemented with the power of ideas and ideology. In other words, the class struggle theory of history, no matter how relevant it still is, ought to be reframed and balanced with the ideological struggle theory. This is the general perspective that I attempt to develop in *Capital and Ideology*.

Ideas and ideologies matter a great deal, both before and after the seizure of power. First, ideas and ideologies play a central role in social struggles and political mobilizations. In order to build a sense of solidarity and common identity (e.g., among rebellious slaves, landless peasants or industrial workers), one needs some common views about how society should be reorganized. This does not need to be a full-fledged political program, but at least some broad lines of action must be agreed upon, no matter how rudimentary. The point is that there is generally a large diversity of ideologies and narratives that can be developed in order to support social mobilizations. They are never fully determined by society's socioeconomic structure, and they matter for the success of the social struggles and mobilizations.

Next, and maybe most importantly, ideological struggles matter because the practical implementation of a new political and social order

(after the success of mobilization and the seizure of power) will always be accompanied by some form of ideological indeterminacy or incompleteness. That is to say, whatever the balance of power might be, there will remain some fundamental indeterminacy about the most desirable manner to reorganize society and to redefine power relations after the conquest of power.

*Ideological indeterminacy* stems from the fact that the core issues that need to be addressed—especially the border question and the property question, following the terminology used in my book<sup>1</sup>—are so complex and open-ended that they can never be fully determined by material interests alone. Of course, it is possible to learn over time (both from historical experience and through political deliberation and confrontation) about the various institutional arrangements which can be used to regulate the border regime and the property regime (as well as the educational system, the fiscal system, and so on). This process of learning about justice and institutions has been at work for centuries, and in my view it helps to explain the long-term trend towards more equality. But it will always be incomplete and imperfect, so that ideological struggles and disagreements will continue.

In his review, Amos Witztum notes that there exists one simple solution to the process of inequality and exclusion generated by boundaries and property rights: the abolition of boundaries and property rights altogether. The problem, obviously enough, is that it is not sufficient to abolish the existing political and economic order. First and foremost, one needs to replace it by a better alternative, that is to say, one needs to design an alternative set of institutions to regulate social relations and the exercise of power, both at the global and domestic levels. This is by no means impossible, and in many ways societies actually keep doing exactly this: they reinvent their rules and institutions. But in order to keep moving in this direction, it is critical to recognize the complexity of the task and to enter into a precise discussion of alternative institutional arrangements.

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<sup>1</sup> "To simplify, we can say that every inequality regime, every ideology of equality and inequality, rests on both a theory of borders and a theory of property. The border question is of primary importance. Every society must explain who belongs to the human political community it comprises and who does not, what territory it governs under what institutions, and how it will organize its relations with other communities within the universal human community (which, depending on the ideology involved, may or may not be explicitly acknowledged). The border question and the political regime question are of course closely linked. The answer to the border question also has significant implications for social inequality, especially between citizens and non-citizens. The property question must also be answered. What is a person allowed to own? Can one person own others? Can he or she own land, buildings, firms, natural resources, knowledge, financial assets, and/or public debt? What practical guidelines and laws should govern relations between owners of property and non-owners?" (5).

Let me take an example. By the end of 1917 and the beginning of 1918, the balance of power allowed Russian Bolsheviks to take control of the situation in Petrograd (and gradually all over Russia) and to start building what they considered to be the basis for the first “proletarian State” in history. This does not imply, however, that they had clear and consensual ideas on how the new social and political order should be organized. From then on, multiple possible political and institutional paths were possible. Who would rule the new bureaucratic ruling class, and by which electoral processes or other political mechanisms would it be held accountable? Should there be multiple factions within the ruling party, and what should their role be? What would be the power of the soviets and trade unions, what would be the proper hierarchy of wages and material advantages, and how would it be controlled and enforced? How would political power and central planning be organized between the various soviet republics, and between urban and rural territories? How should the “proletarian State” address the issues of gender inequality, family relations, ethnolinguistic and religious diversity within the soviet federation? Marxist-Leninist ideology—as understood by the social and political actors of the time—did provide a number of answers, but there were many gaps. Lessons from the French Revolution of 1789, European Revolutions of 1848 or the Paris Commune of 1871 were often invoked, but offered limited practical guidance for the concrete institutional choices that were to be made. Different individuals and social groups within the Bolsheviks and Russian society at large naturally had widely conflicting views about these complex questions, depending on their pre-revolutionary intellectual and sociopolitical trajectories, and depending also on how they reacted to the unfolding of events. My general point is that the choices that were made and the chaotic trajectory that finally occurred were not the only possible ones, and that *ideological indeterminacy* played a critical role in these historical processes.

To put it another way: social class position, as important as it is, is not enough to forge a theory of the just society, a theory of property, a theory of borders, a theory of taxes, of education, wages, or democracy. Without precise answers to these complex questions, without a clear strategy of political experimentation and social learning, struggle does not know where to turn politically. Once power is seized, this lacuna will be filled by specific political-ideological constructs and institutional choices, some of which might turn out to be more oppressive than those that were overthrown. For a given class position and social experience, different individuals will espouse different views on borders and property, depending on their political experience, the deliberative processes they have been exposed to, and their own subjective and emotional experience. Class struggles and ideological struggles are intimately related, but they are never fully aligned. There is always a large autonomy of the ideological sphere, especially in periods of

crisis and in times when the old balance of power is replaced by a new one and when novel unanswered challenges emerge.

### **3. Ideology, the French Revolution and the Swedish Revolution**

Where do ideologies come from? I certainly do not attempt to offer in my book anything close to a satisfactory answer to such a complex question, let alone a general theory. More modestly, I study specific socio-historical episodes of ideological struggles and try to identify the main forces at play. In particular, I stress the role played by the memory of past institutional choices (or the lack thereof) and the diffusion of knowledge and experiences across national and imperial trajectories.

I also argue that in order to analyze these learning processes, it is fruitful to go beyond abstract principles about equality, liberty, rights and justice, and to focus on the concrete institutional devices that societies need to develop in order to translate these general principles into the social reality: legal systems and electoral rules, tax rates and tax schedules, educational resources and social spending, and so on. Without these, institutions and ideologies are mere empty shells, incapable of effecting real social change or inspiring lasting allegiance.

For instance, when I analyze the achievements and the limitations of the French Revolution in relation to the redistribution of property, I show that some very concrete proposals were put forward about new income and inheritance tax schedules, designed to replace the old tax system and to finance minimum income or capital endowments to all. Many such brochures were published and discussed, not only by famous figures like Condorcet or Paine, but also by less well-known authors such as Graslin or Lacoste, who explicitly proposed to set graduated tax schedules with tax rates rising from less than 5% for individuals with incomes and inheritances below average up to 70%-80% for those with incomes and inheritances several hundred times above average. These tax schedules turn out to be very close to those that were adopted and implemented in the United States and in Western European countries during the 20<sup>th</sup> century (especially between 1920 and 1980). However, no such progressive tax system was adopted during the French Revolution, with the exception of some limited attempt in 1793-1794 in the form of graduated forced war-finance loans. The tax system which emerged from the French Revolution and applied until 1914 was for the most part a flat tax system, which helps to explain the rise in wealth concentration that occurred in France during the 19<sup>th</sup> century and up until World War I.

In order to analyze this historical sequence, I again emphasize the fact that several trajectories were possible, and that it would be a mistake to look at these events in a deterministic manner. It is not difficult

to imagine a slightly different course of events in 1792-1798 that would have led to more extensive experimentation and diffusion of progressive fiscal institutions. The magnitude and speed of the post-WWI international diffusion of tax progressivity, as well as the velocity of the post-1980 retreat, point in this direction. In the case of the French Revolution, however, the material and ideological balance of power leaned strongly in the other direction. Many figures (e.g., Montesquieu) were already afraid that the centralization of the judicial system over such a large territory and population (given the transportation and communication system of the time) was already a risky adventure that could give rise to an excessive concentration of state power. In this context, the standard proprietarian argument that opening up the Pandora box of progressive taxation would lead to endless chaos proved to be especially powerful.

More generally, I attempt in my book to show the plausibility of each set of ideas and ideologies. Of course, this does not mean that I put all ideologies on the same level. In the case of progressive taxation, I try to explain why I find the Pandora box argument ultimately unconvincing. Namely, in light of the 20<sup>th</sup> century international experience with tax progressivity, and after a critical examination of the positive historical evidence associated with this experience, I argue that the desirable level of income and wealth tax progressivity is very high (up to 80%-90% tax rates for very top income and wealth levels), that the true historical source of prosperity lies in education and equality (rather than in the pursuit of trickle-down inequality), and that we should rely on democratic deliberation (rather than constitutional limitations) to set the right level of fiscal progressivity. However I always try to make clear that the available evidence is insufficient and imperfect, so that opposite views will always retain some plausibility. In that sense, my analysis of ideological struggles attempts to go beyond Marxian notions such as “false consciousness”. Because the institutional choices that human societies need to make are so complex, there is ample room for rational disagreement and democratic deliberation.

Let me now take the example of the “Swedish revolution”. Following the work of Erik Bengtsson, I stress that the inequality regime in place in Sweden during the 1865-1911 period was one of the most extreme European proprietarian societies ever observed (and arguably *the* most extreme). It is not only that voting rights were restricted to the richest segments of society (namely, approximately the top 20% of male taxpayers of the time)—a feature found in most European societies in the 19<sup>th</sup> century. What is striking in the case of Sweden is that the wealth-owning class was able to impose a much more sophisticated system tying political rights and property ownership, in the sense that the actual number of voting rights (the *fyrkar*) was roughly proportional to the amount of wealth and the level of taxes: up to 54 votes in legislative elections and 100 votes in urban municipal elections. There

was no such ceiling in rural municipal elections, so that around 1880-1900 there were several dozen municipalities where one taxpayer had more than 50% of the vote (including the municipality of the then Prime Minister, Count Arvid Posse). In municipal elections, corporations also had the right to vote, again on the basis of their assets and taxes—something that even the most self-confident international businesses today do not dare to ask for in the countries where they operate (though they sometimes find alternative ways to obtain the same outcome). This peculiar Swedish electoral system was finally changed in 1911, and universal suffrage was imposed in 1921, following an intense popular mobilization. The Swedish social-democrats (SAP) took power in 1932. They then ruled the country for most of the following sixty years and put in place what has come to be viewed as one of the most egalitarian societies in history (and rightly so, in spite of its many limitations). The Swedish transition perfectly illustrates the key role of social mobilization and political ideology in inducing a dramatic change in the basic organization of society over a relatively brief period.

Needless to say, I certainly do not claim that I have a full-fledged theory explaining why this major ideological transformation happened in the way it did. I explore a number of explanations, none of which fully exhausts the discussion. First, I stress that to some extent, a similar politico-ideological transformation driven by social mobilization, working-class struggle and socialist/social-democratic ideology happened in other Western European societies between 1890 and 1950 (albeit with different levels of intensity). Next, the fact that the wealth-owning classes went so far in the constitutionalization of their political power in the case of Sweden certainly helped to stimulate the sense of injustice and the mobilization of the Swedish working class. I also stress the fact that the process of state centralization and administrative capacity-building started very early in Sweden. As early as 1750, the Swedish state started to organize very sophisticated censuses, and was in many ways well ahead of Britain or France. By 1850-1900, the Swedish state had developed an impressive system of property and income registers, which at the time were used to distribute large voting rights to the upper class and to enforce a highly inegalitarian political and social order. Swedish social-democrats were then able to put this state capacity to the service of a completely different political project. More precisely, property and income registers were used to make affluent taxpayers pay high progressive taxes to finance a relatively egalitarian education and health system. Workers' rights were also put in place in companies together with social insurance schemes in order to counter-balance the power of property owners.

One of the general lessons from this experience is the following. In a sense, the process of state centralization opens up more coercive opportunities for the elite than traditional systems of local domination based upon a mixture of property and regalian rights at the local level.

However this same process of state centralization also opens the way for the removal of elite power, depending on who controls the state and in the name of which ideology. In the case of Sweden, a proper analysis of the transition would also require close study of the powerful strategy of political mobilization developed by the trade unions and the social-democrats, including the construction of a strong working-class identity, industrial-work culture and a comprehensive policy platform. But here again, nothing was written in advance, and nothing is written for ever. The specific forms taken by class struggles and ideological struggles played a key role, and the same conclusion will apply in the future.

I should also make clear that my account of ideological change is incomplete in many ways, and should be supplemented by substantial additional research. For instance, as emphasized by Marc Morgan, I may tend to neglect the role of the economics profession itself in the transformation of dominant ideology. Morgan stresses in particular the role of the monetarist revolution and the rise of “rational-expectations macroeconomics” in explaining ideological change during the 1970s-1980s. In my book, in order to explain turning points like the “conservative revolution” of the 1980s, I tend to emphasize the role of historical and political events and the way they were interpreted and instrumentalised by the various social actors. For instance, in this case, I stress the role of the experience of “stagflation” during the 1970s (mixture of high inflation and low growth), the catching-up with the US and the UK by other industrial nations over the 1950-1980 period, as well as the decay and fall of the Soviet Bloc over the 1970-1990 period. However, I fully agree that the narratives provided by economists like Milton Friedman also play a role in these transformations and could be better integrated into the historical analysis.

#### **4. Trifunctional Societies, Proprietarian Societies, Social-Democratic Societies**

In order to better understand the global history of inequality regimes, I also describe in my book a number of “ideal types” of societies, including “trifunctional societies” (i.e., societies based on three major socio-political classes: the clergy, the nobility and the third estate), “proprietary societies” (based in principle on a strict demarcation between property rights and regalian powers) and “social-democratic societies” (which emerged in a number of countries over the course of the 20<sup>th</sup> century, particularly but not only in Western and Northern Europe).

I should stress, however, that these notions should really be viewed as “ideal types”, i.e. as useful simplifications of the reality, and certainly not as satisfactory descriptions of existing societies, which in practice are always much more complex.

In particular, as Tracy Dennison rightly argued, “trifunctional societies” were much more diversified and stratified than the overly simplistic “ternary” structure might suggest. As I try to make clear in my study of both Europe and India, the notion of a “trifunctional” (or sometimes “quadrifunctional”, in the case of India) society should be analyzed as a piece of normative political ideology, not as a sociological description of the world. This is perfectly transparent in the case of the *Manusmriti* (*Laws of Manu*) in India (a highly influential political treatise written by a group of Brahmins between 2<sup>nd</sup> century BCE and 1<sup>st</sup> century CE, and which has played a central role as the official “description” of the caste system since then, even though it was much more a “prescription” than a “description”). This is equally clear regarding the first religious and political texts about the trifunctional organization of society authored by European bishops around the 11<sup>th</sup>-12<sup>th</sup> centuries CE. In practice, as I make clear in my book, premodern societies in both India and Europe never conformed to the wishes of Hindu Brahmins or Christian bishops. In particular, these societies involved highly diversified rural and urban occupational groups, complex power structures and a continuum of small, medium and large property owners. In addition, the long-term process of demographic and commercial expansion and the forces of economic growth obviously played a central role in the gradual weakening of ternary elites and the formation of proprietarian societies.

The point, however, is that for a very long time, trifunctional political ideologies also played a powerful role in the transformation and organization of these societies. For instance, the British House of Lords (an institution based on temporal and spiritual lords which dates back to the trifunctional structure) was the dominant institution ruling the world’s premier industrial and colonial empire until its fall in 1907-1908 (a fall which, as I show, involved major conflicts about progressive taxation and the redistribution of property). In India, it is impossible to analyze today’s conflict about reservations and caste relations without studying the legacy of trifunctional (or quadrifunctional) ideology and the way British colonial censuses conducted over the 1871-1931 period rigidified the boundaries between castes (partly because colonial rules found it useful to follow the “description” provided in texts like the *Manusmriti*). In a country like Sweden, we must wait until the constitutional reforms of 1860-1865 to see the end of separate political assemblies for the nobility, the clergy and the third estate. The interesting point here is that the replacement of trifunctional ideologies and institutions by proprietarian ideologies and institutions often came with the replacement of religious sacralization by the sacralization of property, as the case of Swedish property-based voting rights clearly illustrates.

The transition from proprietarian to social-democratic societies was to a large extent based on a desacralization of property rights, which

were counterbalanced by a number of other institutions, including universal suffrage, workers' rights, and progressive taxation. It should, however, be remembered that today's social-democratic societies still involve strong constitutional rules limiting the ability of a popular majority to redistribute property and social power. According to their proponents, these constitutional rules are justified by considerations that are not completely different from those that have always been at the core of proprietary societies: without such a constitutional protection of property, the story goes, the Pandora's box of the permanent redistribution of wealth will be endlessly opened and reopened, leading to permanent chaos. On the basis of the successful 20<sup>th</sup> century experiences with progressive taxation, I happen to believe otherwise (as I have already noted), and I make constitutional and legal proposals in my book to further facilitate the redistribution of property. But at the same time, I fully understand why proprietary arguments bear some plausibility in the eyes of many observers.

To sum up: trifunctional, proprietary or social-democratic ideologies need to be taken seriously because they do play a central role in the evolution of the political and economic organization of human societies, in spite of the fact that they often provide a relatively poor description of their sociological complexity. In order to decide how they should be organized, societies rely on simple narratives and ideologies, so that they can organize the discussion and the political confrontation of alternatives.

## **5. Participatory Socialism and the Case for Social-Federalism**

Let me now take another example of ideological indeterminacy that will again illustrate the complex unfolding of belief systems about institutions, the property regime and the border regime. In the last chapter of my book, I build upon some of the lessons from the previous chapters and from the experience of the 20<sup>th</sup> century (including in particular the Anglo-American experience with progressive taxation and the German-Nordic experience with codetermination and the social state) to describe what an ideal system of "participatory socialism" could look like in the future.

Several points are in order here. First, the notion of "participatory socialism" corresponds in my view to one of the possible trajectories which could happen in the long run, and certainly not to something that is likely to be implemented in the very short run. Given how other major transformations of inequality regimes occurred in the past, it is likely that such an important transformation would entail some major social and political crisis, which, as I argue in my book, could be triggered by a future environmental crisis, but which I am naturally unable to predict.

Next, “participatory socialism” is fairly different from the system of “social-democratic capitalism” (or “welfare-state capitalism”) that we have today in a number of Western countries. In particular, it goes much further in terms of progressive taxation and redistribution of income and wealth, power-sharing and workers’ rights in companies, and educational justice. It is based on legal, fiscal and social rules that are designed to ensure a permanent circulation of property and power. However, I would argue that the difference between “participatory socialism” and the kind of “social-democratic capitalism” that is in place in 2000-2020 is no greater than the difference between the latter and the type of authoritarian-colonial capitalism that was in place around 1900-1910. In other words, inequality regimes have already changed a lot in the past, and it makes sense to think of the possible next steps in this perspective.

In his review, Ewan McGaughey rightly points out that support for worker democracy and increased voting rights in corporate boards is currently rising across the world. It is by no means impossible that German-Nordic codetermination systems will be extended and deepened in the coming decades. Just like many transformations which have occurred over the 1900-2020 period, this will probably involve major political and social crisis, and this will certainly require a number of constitutional changes. But this does not mean that it will not happen.

Finally, and most importantly, the notion of “participatory socialism” attempts to address the limits of social democracy, not only regarding the redefinition of property relations at the domestic level, but also regarding the structure of global North-South inequalities and in terms of racial and gender divides.

This is fairly important, because the set of social-democratic policies implemented by Western countries over the 1950-1980 period largely ignored racial and gender issues, as well as the very unequal center-periphery relations between the richest countries (including the former colonial powers) and the poorest countries (including the newly independent countries) that prevailed during this period. This is not to say that the reduction of inequality which took place in the North in the mid-20<sup>th</sup> century happened at the expense of the South. If anything, colonial extraction was at a higher point in the 18<sup>th</sup>-19<sup>th</sup> centuries and in the early 20<sup>th</sup> century (when inequalities were at their highest levels in the North) than in the 1950-1980 period (when inequalities were at their lowest levels in the North). The removal of colonial masters in the South came together with the removal of capitalist masters in the North, and there are strong reasons for this: first because they were to some extent the same masters, and next because imperialist competition between colonial powers largely contributed to the destruction of the proprietary-colonial order between 1914 and 1945. However, it is critical to stress that the capitalist world-system remained a very unequal and hierarchical center-periphery system during the 1950-1980

period, as well as during the 1980-2020 period of course. That is, the old colonial masters were removed, but Northern countries developed new neo-colonial patterns of domination in the context of center-periphery economic relations, even when they were ruled by social-democratic parties.

To a large extent, the set of global institutions that was adopted in the aftermath of World War II was very much designed to fit the interests of dominant economic powers. For instance, the latter refused in 1947-1948 to pursue the project of an International Trade Organization when they realized that it might become too multilateral for their taste and could end up giving a larger voice to countries like Brazil and India than they were prepared to accept. In *Capital and Ideology*, I also stress that Western economic powers managed to instrumentalise global economic and financial institutions to impose “shock trade liberalization” on developing countries in the 1980s-1990s, which resulted in a large fall in domestic tax revenues and had a very negative impact on the process of state-building in the global South. The process of financial liberalization, “free” capital flows and massive tax evasion that has been implemented in recent decades under the leadership of rich countries—notably European countries, at times under the leadership of social-democrat governments—also had very damaging effects in the South, even more so than in the North.

This is why the notion of “participatory socialism” which I call for needs to include a complete rethinking of the international economic order. I describe a number of steps in this direction, but it is clear that this needs to be supplemented by much more extensive thinking and deliberation. In particular, “participatory socialism” relies on what I describe as “social-federalism”, i.e., a system of international relations that should prioritize the adoption of an equitable global tax system and a sustainable development model over the continuation of trade and capital flows. This requires the development of new kinds of multilateral and bilateral development treaties, including transnational assemblies based on egalitarian principles and verifiable targets regarding social and environmental objectives. Given that the rise of Western industrial capitalism relied heavily on slavery and colonial extraction, the notion of “social federalism” also includes a strong reliance on international justice, including the right of all countries to receive a share of taxing rights on the world’s most powerful economic actors (large firms and billionaires). Here again, I do not claim that such transformations will happen more smoothly than other reshufflings of the world order or domestic order in the past. They will require deep shifts in the global balance of power between competing social interests and states, which might be triggered by environmental, migration or other geopolitical crises.

I also attempt in *Capital and Ideology* to put these debates on democratic-socialist federalism into historical perspective. I stress in

particular the importance and plurality of the debates on European federalism which took place before and after World War II, as well as the discussions of socialist federalism that occurred in various decolonization settings (e.g., in West Africa, the Middle East and the West Indies). The general point is that there are always alternative ways to organize the world economic order and the system of borders. For instance, colonial empires played a key role in the industrial revolution and the rise of the West, and it is very difficult to imagine today how alternative development trajectories could have taken place (e.g., industrialization with free migration, free labor and a more equitable balance of power and distribution of wealth at the world level). It is important, however, to stress the possibility of alternative trajectories, including at the global level, for the past and even more so for the future.

## 6. Participatory Socialism and the Case for Reparations

I stress in my book the need to combine a universal approach to social justice and redistribution with a view emphasizing the need to address past discriminations and prejudices (including in the form of reparations).

Let me take an example. In order to compensate former French slave-owners for their loss of property, the French state decided in 1825 to impose an enormous public debt on the newly-independent state of Haiti (around three years of Haiti's total annual production of the time). As I recall in my book, the French state also attempted in a different context (namely, the Versailles treaty of 1919) to impose a tribute of similar magnitude on Germany (about 300% of GDP). The difference is that in the case of Haiti, the French state had the military capacity to enforce effective payment. Needless to say, the little island (which used to be France's colonial jewel and the largest slave concentration in the Atlantic world before the 1791 slave revolt) could not reimburse such a large debt in one year, nor in a few years. A consortium of French bankers (later replaced by U.S. bankers) offered to refinance the debt at high interest rates, and Haiti ended up repaying enormous flows of resources to its former slave-owners during more than a century, between 1825 and 1950.

In France, a typical attitude towards this shameful episode, when it is not wholly ignored, is that this all happened a long time ago, and it is now too late to do anything. One problem with this attitude is that we are still today implementing reparations for expropriations and other injustices that happened during World War II, or even sometimes during World War I. With this kind of premise based on double standards, it is very difficult to build commonly-agreed norms of justice.

Of course, the same issue also arises for other reparations related to various post-colonial, post-slavery contexts. Both in Britain and France, the abolitions of 1833 and 1848 entailed enormous payments to former

slave-owners (and nothing at all for slaves, who had various schemes of quasi-forced labor inflicted on them, which lasted until 1946 in former French colonies). In 2001, a French MP from Guyana (Christiane Taubira) proposed to set up a commission on land reform and reparations in former French slave islands and territories (Martinique, Guadeloupe, Reunion, and Guyana). The parliamentary majority of the time, in spite of being on the “left” (socialists, communists, greens), adopted a statement according to which slave trade was recognized as a crime against humanity, but refused to create the commission.

In the U.S. context, it is well known that the promise that was made to former slaves at the end of the Civil War (“one mule and 40 acres of land”) was never honored when the war was over. One century later, when legal racial discrimination finally came to an end in 1964-1965, there was again no reparation of any sort to African-Americans for the prejudice that they had been exposed to for decades and centuries. However, this does not imply that it will never happen. In 1988, after decades of denial, U.S. Congress adopted legislation including a 20,000\$ reparation for all Japanese-Americans who had been imprisoned during World War II and who were still alive at that time. In 1999, the French National Assembly created a new commission to compensate the victims of anti-Semitic spoliations during World War II (and their descendants).

The issue of reparations is also important because it provides a clear illustration of the more general theme of *ideological indeterminacy*. That is, nobody has a perfect formula to define justice in this context (or in other contexts); yet one cannot ignore the question simply because it is too complex. Unsurprisingly, class positions and the balance of power play an important role in shaping the political battles and outcomes about reparations. But these forces are insufficient as such to determine the right balance between the logic of reparatory (backward-looking) justice and the logic of (forward-looking) distributive justice (independently of one’s origins). We must rely on democratic deliberation and historical evidence to reach the best possible compromise and to build norms of justice that can be discussed, improved, shared and agreed upon as widely as possible.

Another illustration of this general issue is the question of quotas for formerly discriminated social groups. For instance, an ambitious system of reservations was introduced in post-independence India to provide places in higher education, public employment and elected positions for Dalits and Adivasis (former untouchables and aboriginals). In *Capital and Ideology*, I analyze at some length the achievements and limitations of this policy—by far the largest affirmative action program ever implemented in history. On the one hand, this policy did contribute to reducing the level of inequality between formerly discriminated groups and the rest of Indian society—more so for instance

than the inequality between blacks and whites in the United States. But on the other hand, the policy had strong limitations.

To a large extent, capitalist growth has entrenched and transformed (rather than erased) the ideology of caste and race in India, and reservations were not sufficient to erase long-standing inequality between Dalits, Adivasis and the rest of society. In my book, I emphasize that these reservations—which by construction could not benefit more than a tiny fraction of the disadvantaged social groups—often served as an excuse for large segments of the Indian elite (including part of the leadership of the India National Congress) not to pay the taxes that would have been necessary to finance a proper system of social services (education, health, basic infrastructure) open to everyone. I also stress that an ambitious redistribution of property would probably have been necessary (and would still be necessary) in order to confront the kind of entrenched inequality regime which post-independence India inherited from its ancient and colonial past. Some redistributions of property were carried out in the land reform programs implemented by communist regional governments in Kerala or West Bengal, but they never received much support at the federal level. From an ideological viewpoint, it is worth noting that Dalit leaders like Ambedkar have always been unconvinced by Marxist approaches that stress the central role of property relations and their transformation, and which neglect (in Ambedkar's view) the specific discriminations suffered by Dalits, including of course within the working class. My point, actually, is that Ambedkar was only partly correct in stating that "categorical inequalities" call for "categorical policies". When past prejudices and discriminations against certain social or racial groups (or against women) are so entrenched, it is often indispensable to use some specific system of reparations or reservations. It is critical, however, to plan in advance how such schemes are scheduled to evolve over time as past discriminations are being corrected (otherwise there is a strong risk of reifying the categories at play), and to find the right balance with universal forward-looking policies such as the redistribution of income and property and open access to high-quality public services (which in the long-run are arguably more powerful than categorical policies alone). Finding an adequate compromise between these different dimensions of redistribution is not an easy task. This again requires one to take ideas and ideologies seriously, and not simply as a mirror of class positions.

## **7. Brahmin Left vs Merchant Right: Class, Race, Identity & Ideology**

In the last part of *Capital and Ideology*, I attempt to analyze the changing structure of political cleavages since World War II, and in particular the rise of the "Brahmin left" and the "Merchant Right" in Western electoral democracies. By this, I mean that the intellectual elite and the

business elites now vote for two separate parties or coalitions of parties. This is a new situation that has gradually developed over the 1980-2020 period and which differs markedly from the structure prevailing in the 1950-1980 period, when conservatives and other right-wing parties attracted both the high-wealth and high-education elites, while social-democrats and other left-wing parties obtained their best scores among the low-wealth and low-education electorates.

I also stress that the emergence of this multiple-elites party system and the breakdown of the previous class-based party system should be analyzed in conjunction with the fall in the redistributive ambition of social-democratic platforms and ideologies since 1980-1990, and with the rise of new political challenges and socioeconomic realities, including the rise of higher education, globalization, the decline of manufacturing, the expansion of the public sector, the emancipation of women, and the emergence of de facto multiethnic and multi-religious societies.

Let me emphasize that this analysis should be viewed as exploratory and incomplete. I very much hope that future research will address some of its limitations. For instance, the fragmentation of the political system and the rise of new political parties like green/libertarian left-wing parties and populist/xenophobic right-wing parties have played a key role in the transformation of electoral cleavages. In many countries with multi-party systems, the “Brahmin Left” and “Merchant Right” should be viewed as coalitions of heterogeneous parties rather than single parties. In a collective volume co-edited with Gethin and Martinez-Toledano and written after the completion of *Capital and Ideology*, we look in more detail at the changing structure of electoral cleavages and party systems in 50 electoral democracies over the 1948-2020 period, leading us to uncover a large diversity of situations (Gethin et al., 2021). At the same time, it is striking to see that the findings on “Brahmin Left” vs “Merchant Right” also hold in countries with predominantly two-party systems, starting with the U.S. (Democrats vs Republicans) and the U.K. (Labour vs Conservative). Of course, these parties can themselves be viewed as coalitions of factions like those which exist as separate political parties in countries with different electoral and institutional systems.

It is also worth stressing that this part of the book relies to a large extent on national electoral surveys, and that many other sources should be exploited in order to develop a more detailed analysis, including local-level electoral and political mobilization data. More generally, these findings again call for a deeper study of the interplay between ideology, sociopolitical mobilization and identity. The class-based party system of the 1950-1980 period was associated with the development of a specific form of political platform, ideology and collective identity based on working-class values and industrial work. If we turn to the future, the challenge is to build a new sense of collective

identity combining the quest for social justice, gender and racial equality and environmental justice. Various mobilizations observed in recent years at the global level, especially among the youth, from *Occupy Wall Street* to *Me Too*, *Black Lives Matter* or *Fridays for Future*, suggest that new collective identities and ideologies could emerge along these lines in the future. It is clear, however, that there are serious ideological and programmatic disagreements that are far from being settled. In particular, it seems unlikely that successful environmental policies can be implemented without a major transformation of the economic system and a drastic reduction in inequality.

## 8. Bringing Together Economic, Social and Political History

Let me conclude this essay with a methodological note and a call for more interdisciplinary work in the social and historical sciences. I am convinced that some of today's democratic disarray stems from the fact that, insofar as the civic and political sphere is concerned, economics has cut itself free from the other social sciences. This pretention of economics to self-sustainment is partly a result of the technical nature and increasing complexity of the economic sphere. But it is also the result of a recurrent temptation on the part of professional economists, whether in the university or the marketplace, to claim a monopoly of expertise and analytic capacity they do not possess. In reality, it is only by combining economic, historical, sociological, cultural, and political approaches that progress in our understanding of socioeconomic phenomena becomes possible. This is true, of course, for the study of inequalities between social classes and their transformations throughout history, but the lesson seems to me far more general.

Another factor behind the excessive isolation of economics is that historians, sociologists, political scientists, and philosophers too often abandon the study of economic questions to economists. But political economy and economic history involve all the social sciences, as I have tried to show in this book. All social scientists should try to include socioeconomic trends in their analysis, gather quantitative and historical data whenever useful, and rely on other methods and sources when necessary. The neglect of quantitative and statistical sources by many social scientists is unfortunate, particularly since critical examination of the sources and the conditions under which they are socially, historically, and politically constructed is necessary to make proper use of them. This neglect has contributed not only to the isolation of economics but also to its impoverishment.

In *Capital and Ideology*, I attempt to illustrate the complementarity between natural language and the language of mathematics and statistics. For instance, I frequently refer to deciles and percentiles when discussing inequality of income, wealth, or education. My intent is not to replace class warfare with war between the deciles. Social identities are

always flexible and multidimensional. In each society, various social groups use natural language to designate professions and occupations and identify the qualifications, expectations, and experiences associated with each. There is no substitute for natural language when it comes to expressing social identities or defining political ideologies. By the same token, there is no substitute for natural language when it comes to doing research in social science or thinking about the just society. Those who believe that we will one day be able to rely on a mathematical formula, algorithm, or econometric model to determine the “socially optimal” level of inequality are destined to be disappointed. This will thankfully never happen. Only open, democratic deliberation, conducted in plain natural language (or rather in several natural languages—not a minor point), can promise the level of nuance and subtlety necessary to make choices of such magnitude.

Nevertheless, *Capital and ideology* relies heavily on the language of mathematics, statistical series, graphs, and tables. These devices also play an important role in political deliberation and historical change. Once again, however, it bears repeating that the statistics, historical data, and other quantitative measures presented in this book are imperfect, provisional, tentative social constructs. I do not contend that “truth” is found only in numbers or certainty only in “facts”. In my view, the primary purpose of statistics is to establish orders of magnitude and to compare different and perhaps remote periods, societies, and cultures as meaningfully as possible. Perfect comparison of societies far-removed in space and time is never possible. Despite the radical uniqueness of every society, however, it may not be unreasonable to attempt comparisons. It may make sense, for example, to compare the concentration of wealth in the United States in 2018 with that of France in 1914 or Britain in 1800.

To be sure, the conditions under which property rights were exercised were different in each case. The relevant legal, fiscal, and social systems differed in many ways, as did asset categories (land, buildings, financial assets, immaterial goods, and so on). Nevertheless, if one is aware of all these differences and never loses sight of the social and political conditions under which the source documents were constructed, comparison may still make sense. For instance, one can estimate the share of wealth held by the wealthiest 10 percent and the poorest 50 percent in each of these three societies. Historical statistics are also the best measure of our ignorance. Citing data always reveals the need for additional data, which usually cannot be found, and it is important to explain why not. One can then be explicit about which comparisons are possible and which are not. In practice, some comparisons always make sense, even between societies that think of themselves as exceptional or as so radically different from others that learning from them is impossible. One of the main goals of social science

research is to identify possible comparisons while excluding impossible ones.

Comparison is useful because it can extract lessons from different political experiences and historical paths, analyze the effects of different legal and fiscal systems, establish common norms of social and economic justice, and build institutions acceptable to the majority. Social scientists too often settle for saying that every statistic is a social construct. This is of course true, but it cannot be left at that, because to do so is to abandon key debates—on economic issues, for example—to others. It is a somewhat conservative attitude, or at any rate an attitude that betrays deep skepticism about the possibility of deriving lessons from imperfect historical sources.

For instance, it is true that national accounts were originally developed within a specific historical context, i.e., in order to measure the growth of output at the national level. But because social and economic indicators are historically constructed, this also means that they are not necessarily tied to a productivist ideology, or the nation-state, or to the formal sector, or to a lack of attention to the environment or inequality, and so on. Most importantly, historians and all social scientists need to be part of this discussion and to participate actively in the critical examination and redefinition of these quantitative indicators, rather than standing safely aside.

Many historical processes of social and political emancipation have relied on statistical and mathematical constructs of one sort or another. For instance, it is difficult to organize a fair system of universal suffrage without the census data necessary to draw district boundaries in such a way as to ensure that each voter has identical weight. Mathematics can also help when it comes to defining rules for translating votes into decisions. Fiscal justice is impossible without tax schedules, which rely on well-defined rules instead of the discretionary judgments of the tax collector. Those rules are derived in turn from abstract theoretical concepts such as income and capital. These are difficult to define, but without them it is hard to get different social groups to negotiate the compromises needed to devise an acceptably fair fiscal system. In the future, people may come to realize that educational justice is impossible without similar concepts for measuring whether the public resources available to less-favored groups are at least equivalent to those available to the favored (rather than markedly inferior, as is the case today in most countries). When used carefully and in moderation, the language of mathematics and statistics is an indispensable complement to natural language when it comes to combating intellectual nationalism and overcoming elite resistance.

I very much hope that interdisciplinary dialogue will contribute to the development of a new synthesis between economic, social and political history in the future, and I wish to reiterate my thanks to *Œconomia* and to all participants for this very fruitful exchange.

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