

Thomas Piketty: *Capital and Ideology*

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The central theme of Thomas Piketty's book *Capital and Ideology* (first Croatian edition; Profil knjiga, Zagreb; translated from French by Nataša Desnica-Žerjavić, Olga Škarić, and Nataša Barac) is the history and emergence of inegalitarian regimes – a term the author uses to encompass social order and property regimes, including educational and fiscal systems. The writing style, clear subheadings, and brief recapitulations at the end of each chapter and the beginning of the next make it easier for the reader to follow. The book is divided into four parts, comprising seventeen chapters and more than 1,100 pages.

In the first part, Piketty uses extensive material to guide the reader through the history of inegalitarian societies, providing a broader spatial and temporal perspective on the issue he explores. He describes in particular three-tier societies – comprising the nobility, clergy, and third estate – their internal inequalities, and the way power is structured at the local level, where the religious and military elite play the main role. He demonstrates how European three-tier societies gradually transformed into property-based societies, with the French Revolution of 1789 representing a pivotal turning point. Inequalities that had previously been justified by divine order and the functionality of the three-tier system began to be legitimised in a property-owning society by the philosophy of the Enlightenment, emphasising the ideals of

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freedom, equality, and “natural rights”. Private property became “sacred”, and its sacralisation was interpreted as a response to the decline of religion as a political ideology. Although the abandonment of the three-tier system was expected to bring prosperity, it bypassed the majority of the population, while income and property inequalities once again reached very high levels.

In the second part of the book, Piketty analyses slave and colonial societies through the lens of inequality, highlighting their brutality and inegalitarian nature. He examines forced labour, discrimination, the abolition of slavery in the United States and Brazil, serfdom in Russia, the significance of colonisation, and the cases of India, Japan, China, and Iran. He shows how globalisation after 1500 influenced the transformation of non-European societies and presents inequality as the result of politics and ideology rather than “natural” economic processes. Piketty argues convincingly that inequality arises from the way society functions – the legal system, education system, political institutions, and broader institutional framework – with ideology, understood as a set of pre-accepted ideas and narratives about legitimate social structure, playing a central role.

The first two parts of the book, while valuable for understanding the historical roots of inequality and the emergence of inegalitarian regimes, contain extensive material; for the sake of brevity, readers may be advised to skip ahead to parts three and four, which are crucial for understanding contemporary inequality and possible solutions. The third part of the book focuses on the 20th century and the significant reduction in inequality during and after the World Wars. Piketty notes that the material destruction caused by the wars contributed only partially to this reduction; most was achieved through expropriations, nationalisations, regulatory measures, progressive taxation, and the inflationary reduction of public debt. He emphasises that inequality declined substantially and over a longer period than monetary data alone suggests.

Compared with a hundred years ago, Western countries have made notable progress in employment stability, social and trade union rights, health care, education, and pension systems. In this section, Piketty also analyses the rise and fall of social democracy and examines post-war left-wing policies and institutional solutions, such as co-management – a system of sharing power in companies between owners and workers – and trade unions. He highlights the significant role of education in reducing inequality, identifying the educational gap as a key factor giving the United States an advantage over other countries before World War II. He argues that the stagnation of investment in education since the 1980s has contributed not only to rising inequality but also to slower economic growth, though he does not

address the optimal number of highly educated individuals or the quality of education, focusing instead on accessibility and equality of access.

This section also considers former communist and socialist countries, where inequality has increased markedly in recent decades, particularly in Russia and China. The latter, although professing a commitment to equality and criticising Western democracies, in practice demonstrates a complete lack of transparency and evasion of redistributive taxes, such as inheritance taxes. The final chapter of part three addresses the problems of inequality in the modern era. Piketty rightly highlights the lack of transparency and accuracy in statistics, particularly regarding financial assets. As measures of the development and distribution of financial assets are imprecise, assessments of the effects of economic policies on financial markets are equally unreliable. For instance, while the European Central Bank has injected trillions of euros into the financial system through bond purchase programmes, it lacks adequate tools to measure their distribution or the actual distributional effects, with some studies indicating a rise in inequality. The key message is that establishing a public financial cadastre is technically feasible, but politically contingent. While it would be desirable to coordinate such a register at the European Union level, Piketty emphasises that individual countries can take this step independently. He also proposes a series of EU reforms aimed at improving governance and promoting fairness. While his vision of social federalism is analytically compelling, its implementation is constrained by the EU's requirement for unanimous decision-making.

The fourth part of the book analyses political conflicts, with an emphasis on developed Western countries. Until the 1980s, the left was the primary political choice for people from the lower levels of the social hierarchy in all Western countries, regardless of property, income, or education, while wealthier and more educated classes tended to support the right. After that period, a reversal occurs: the left increasingly becomes the party of the highly educated, while the working class gradually loses political representation and participates less frequently in elections. Piketty emphasises that this transformation of the electoral system generates deep social divisions, as the topic of redistribution is pushed to the margins of political debate. The lower classes feel abandoned by politics, which is especially understandable given the very slow growth of their real incomes in recent decades and, in the case of the United States, income stagnation, while at the same time there is a clear increase in wealth at the top of the social pyramid.

In the EU, feelings of political abandonment are further reinforced by the liberalisation of capital movements, the absence of a common tax policy, and the lack of information exchange on financial assets. The perception

that the existing system primarily benefits the richest fuels popular dissatisfaction with European integration. In addition, the belief that the wealthy cannot be taxed due to excessive complexity, as well as the claim that globalisation and market forces “naturally” determine such outcomes, only adds fuel to the fire. Such policies and attitudes encourage anti-European and anti-globalisation thinking and movements. Piketty rightly notes that ethno-religious and national divisions prevent lower-income groups from rallying around common interests, thereby maintaining the status quo from which the wealthiest benefit most. This also reflects the weakness of political systems and parties that seek to attract these groups of voters.

Piketty argues that the primary failure of social democrats is their inability to devise new federative forms of political action and to move beyond the framework of the national state. According to him, this applies even to European countries that reached historically high levels of integration after World War II but still failed to overcome numerous socioeconomic challenges. Piketty therefore emphasises the need for a thorough renewal of programmatic, intellectual, and ideological foundations to overcome the current political situation. Anti-immigrant parties, he contends, deliberately exploit identity divisions, diverting social dialogue away from issues of inequality and redistribution. As an example, he cites the United States and President Trump, whose market-nativist ideology fuels social tensions and destabilises the global economy.

Piketty documents in detail how the abandonment of the discourse on redistribution resulted from the “conservative revolution” in the United States and the United Kingdom, and how this process was politically instrumentalised. He also shows that the reduction in tax progressivity and contraction of the welfare state coincided with a slowdown in economic growth, in sharp contrast to the period from 1945 to approximately 1980, when higher tax progressivity and a stronger welfare state accompanied rapid economic growth. Piketty attributes the main cause of rising inequality after the 1980s to the growing significance of identity and the weakening of class divisions, with public debate increasingly centred on immigration rather than redistribution. He emphasises that the slowdown in economic growth in developed countries coincided with the stabilisation of social protection and education spending as a share of GDP. However, the question arises whether continued increases in these shares would necessarily ensure economic growth. In fact, many developed countries have already achieved high levels of public investment in education and social benefits, as well as a significant state share in GDP. The key question, therefore, is whether what is needed is “more state”, a more efficient state, or a combination of

both. This consideration raises the issue of whether the law of diminishing returns applies. For instance, initial investments in higher education may have generated substantial effects, whereas each additional investment contributes less. In addition, Piketty does not analyse the inefficiency of public administration, which, in countries such as Croatia, could contribute to slower growth.

On the other hand, Piketty does not sufficiently emphasise that increased social benefits would largely stimulate demand and, consequently, economic growth. If such transfers were mainly directed to low-income groups, whose marginal propensity to consume is high, most of this expenditure would translate into consumption rather than savings. This would generate additional demand, employment, economic growth, and increased tax revenues. Piketty acknowledges the problem of incentives but appears to elaborate on it insufficiently, a frequent criticism of his analyses. At the same time, the trade-off between work effort – such as the number of working hours – and taxation at different income levels, institutional arrangements, and the structure of the tax system remains unresolved. What is their connection with investment, consumption, savings, and tax revenues? These are complex but crucial questions from both economic and political perspectives when designing tax reforms. In the book, however, they are only marginally addressed, being briefly mentioned in footnote 1402.

In the final chapter, Piketty elaborates on the concept of participatory socialism for the 21st century, analysing a series of measures designed to reduce inequality and promote social justice. Proposed solutions include experiments with the division of power within companies, the introduction of progressive taxation on property, income, inheritance, and carbon dioxide emissions, encouragement of capital circulation, the establishment of social and temporary ownership, and the introduction of vouchers to promote democratic equality, such as those intended to finance political parties and media pluralism. Although he provides relatively technical detail at certain points, the author himself admits that some proposals, such as those related to property circulation and progressive taxation, are primarily illustrative, designed to stimulate discussion rather than serve as final solutions.

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Throughout the book, Piketty strongly emphasises collectivism, institutional and tax reforms, and political-ideological movements as key factors in the dynamics of inequality and national well-being. Personal choices, beliefs, attitudes, and responsibility remain in the background and are scarcely con-

sidered by the author. His analytical framework focuses primarily on the macro level, including fiscal policy, education systems, taxes, and broader ideological discourses, while the microfoundations of individual decisions and behaviour receive less attention. Integrating insights from behavioural economics could further deepen the analysis by linking institutional and political-ideological approaches with the psychology of decision-making. Behavioural economics explains how systematic deviations from the standard model of the rational voter or citizen strongly shape public support for certain policies, tax systems, and redistributive measures. Incorporating a behavioural perspective into Piketty's analytical framework would provide a deeper understanding of why societies often fail to adopt institutional arrangements that could reduce inequality and improve overall well-being. For instance, while empirical evidence clearly shows that progressive taxation and investment in education contribute to economic growth and reduce inequality, political support for these measures remains variable due to cognitive biases, prevailing narratives, and subjective perceptions of fairness. Connecting Piketty's macro-institutional approach with the microfoundations of behavioural economics would allow for a more coherent explanation of how ideas, institutions, and individual behaviours interact in the process of reproducing or reducing inequality. In this way, Piketty's work, although primarily rooted in a macro-institutional framework, can serve as a foundation for interdisciplinary extensions that connect economics, politics, and psychology.

In summary, Piketty's analysis of the contemporary socioeconomic situation is incisive and unambiguous. He identifies the greatest threat to today's socioeconomic order as the continuation of policies that exacerbate inequality and benefit the privileged, namely those with the highest incomes and assets. The author clearly warns that equality of political rights is largely illusory, as the financing and control of the media and political donations enable the ongoing reproduction of inegalitarian policies. Historical analysis demonstrates that economic and social progress has primarily resulted from struggles for equality rather than from ideologies promoting ownership, stability, and inequality. The author's central message is that there are multiple alternative development paths for societies, and that at different levels of economic and technological development, it is possible to establish different political and economic arrangements, including the redefinition of ownership structures, fiscal policy, and educational systems. *Capital and Ideology* can be recommended to anyone seeking deeper insight into the history of inequality and, as such, merits its place in contemporary socioeconomic literature, offering a framework for considering alternative development paths and the future of societies in the 21st century.