

BOOK REVIEW

A BRIEF HISTORY OF EQUALITY

THOMAS PIKETTY

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MARK THORNTON*

Thomas Piketty's *Brief History* is the fourth installment of his assault on economic inequality, following as it does the best-selling *Capital in the Twenty-First Century* and *Capital and Ideology*. The third, *Time for Socialism: Dispatches from a World on Fire, 2016–2021*, is just a collection of popular articles by which the *New York Times* dubbed Piketty a “vaguely left-of-center” economist. This slim fourth volume from Harvard University Press calls for far-reaching socialist policies to establish economic equality. It is a siren song of communism: “economic justice” without any cost or noteworthy harm to society.

The primary reason for my concern with Piketty and this book is the relative influence of Karl Marx's *Communist Manifesto* (with Frederick Engels) versus his book, *Kapital: A Critique of Political Economy*. The *Manifesto* was short, on point, and politically actionable while *Kapital*

* Mark Thornton (mthornton@mises.org) is Peterson-Luddy Chair in Austrian Economics at the Mises Graduate School, senior fellow at the Mises Institute, and book review editor at the QJAE..



was long, filled with jargon and footnotes, and nebulous concerning political action. Indeed, Marx's view of history told *Kapital* readers to sit tight for generations and suffer while the *Manifesto* was an immediate call to arms around the world!

In terms of relevance, the *Manifesto's* 10-point program would become the political action platform for democratic socialists worldwide and public policy in leading nations by 1917. In contrast, the highly improbable Marxist takeover of Russia had no blueprint from *Kapital* for its communist dictatorship, led to one economic disaster to another, and ended in failure, as Ludwig von Mises predicted. Piketty might have learned at least that lesson and advocates a social-democratic type takeover.

All of Piketty's books are terrible from the economic perspective. Most importantly, all are as dangerous to political economy as Marx's books were catastrophic to hundreds of millions of people, especially the lower income people Marx and Piketty propose to help. The brevity of this book makes it potentially the most socially devastating of the four.

A BRIEF HISTORY

Up until two centuries ago, more than 95 percent of humanity lived in "extreme poverty." That number had fallen to about one-third of the global population by the end of the 1980s and is now less than 10 percent, and still falling, all during a period of rapid population increase. This is one of the most important facts one can mention about the entire history of humanity and yet it seems not widely known and how it was achieved is completely lost on Piketty.

Piketty gives no indication to me that he is an economist or any kind of disinterested objective scientific observer. However, his statistic and chart filled books give the impression of a scientific basis for his policy conclusion. Piketty is a Marxist, an advocate for communism, but all under the guise of conventional democratic socialism. However, his dedication of the book reminds readers of the finale of *Manifesto*.

He does admit that the last quarter millennium has also been a powerful movement towards greater economic equality, but

he largely ignores how the enormous, sustained increase in the standard of living was achieved. It just happened. He does want readers to understand his own views: 1) that this improvement was not the result of capitalism, 2) that socio-political systems are just a matter of democratic choice, and 3) that various forms of socialist and union agitation are to be credited with economic progress.

His beliefs, which are widely shared by the intelligentsia and other second-hand dealer of ideas,¹ flies in the face of the facts. Individual rights, free markets, and freedom to trade created the opportunity for economic growth, wages above subsistence, and greater economic equality. Capitalism improved conditions for labor, hurt the wealthy and powerful in a comparative sense, and led to the emergence of the entrepreneurial or bourgeois class. The Industrial Revolution shifted the entire focus of the economy's structure of production from the demands of the nobility to the needs of workers, of which there is little doubt. It made people more equal, economically, and otherwise, compared to the medieval system of authorities and serfs or even 20th century communism.

Instead, Piketty would like to attribute all these good developments to political action and uprisings. While there is a tinge of truth here, the main driver of all improvement is capitalism, even with all its political warts and injustices. It is just as clear that even most "Marxist" events, such as the French and Russian Revolutions, were first driven by the emerging bourgeois and entrepreneurial classes, broadly conceived as the middle class, not the peasants.²

Piketty ignores these facts and allies himself with the social democrat notion that outcomes can be achieved with a variety of political choices and voting systems regarding the nature of property systems, so that capitalism is no longer necessary. Furthermore, he

¹ See for example, <http://www.21learn.org/archive/hayek-and-the-second-hand-dealers-of-ideas/>

² See Ekelund and Thornton (2019) and Dempster, Ekelund, and Thornton (2022) The economic theory of revolution begins with the realization that one needs people of some economic means in cities to have a substantive revolution. Therefore, a successful peasant revolution of consequence in 1600 AD Russia seems highly unlikely. None of the major revolutions were Marxist in origin, indeed the American, French, and Russian revolutions all had strong liberal elements in their original foundations.

believes that the equality that has been achieved is due to “conflicts and revolts against injustice,” (p. 10) which is clearly not the case. For example, things like modern unions, socialist leaning political parties, and “progressive” political platforms emerged *after* the surge of economic development and the spread of equality, not before. Indeed, the Industrial Revolution started in England after the political powers to control labor, capital, and trade were dissipated, not augmented. (Ekelund and Tollison 1981)

He also writes about politics and tactics in a way that might puzzle readers not intimately familiar with Marxist dogma and dialogue. However, make no mistake about it: Marxist, Socialist, and Progressive leaders, and the policies they advocate, are inherently violent and they are not interested in the pursuit of scientific truth. They prefer that their opposition offers no resistance and asks no questions. Piketty’s recommendations knit together a system to help guarantee no institutional chance of losing power, elections, and legislative majorities for the social democrat parties.

In terms of violence, of course, the favorite Progressive policies, such as those in the 10-point program of the *Communist Manifesto*, are highly coercive and potentially violent. The ten points can be distilled down into taking your land, income, and inheritance; takings, i.e., “nationalizing” banking, communication, transportation, and the means of production, forced labor and resettlement, and all-encompassing cradle-to grave-propaganda.

Piketty extends his assault on history by declaring that progress, i.e., national wealth, exists. He fails to explain how that comes to be or is sustained, even though economists, at least since the time of Richard Cantillon and Adam Smith, have long considered it the essential question for economics to answer. He also doesn’t explain why there was essentially no or little progress and often extreme inequality in the preceding millennia.

Instead, Piketty wants to measure progress with education and health attainment statistics, which he attributes to the beginnings of the welfare state. He makes this claim even though education and healthcare were available to those outside the nobility long before the welfare state existed. Indeed, there were little education or health care opportunities before capitalism, and both metrics increased quickly with the movement towards freer markets.

He tries to hide his subterfuge by displaying global and average statistics that disguise important national and marginal changes that would be more enlightening about the benefits of freedom, such as the remarkable increase in real wage rates in England during the nineteenth century.

Even with undeniable progress towards more equality, his personal view is that inequality remains “extremely high,” and he finds a problem with economic growth because he sees it as caused by population growth and global warming. He sees population growth rates as unsustainable and harmful, but does any serious social scientist see current population growth rates as a problem or perpetually sustainable? In our age of capitalism, population growth is now seen as more a matter of individual choice, not some mystical unknown or biological imperative. Social scientists have moved closer to the economic theory of population, first sketched out by Cantillon, and have moved onto the existing problems of *declining* population growth rates, declining populations, and the unbalanced demographics in advanced economies that have resulted from government, such as in China and Japan. Malthus is dead and has been for a long time.

At one point, he attacks his own statistical approach of using government statistics such as income measures, GDP, and CPI, as well as statistical averages and aggregates as problematic for his purpose. Indeed, colleagues of mine (e.g., Gramm, Ekelund, and Early 2022) have reexamined these government statistics, found them extremely misleading, and upon proper recalculation have found most of the statistics and headlines thus propagated are monumental misrepresentations of reality regarding perceptions of economic inequality.

Instead, Piketty asks us to examine consumption, not money income, to access inequality. But other economists have already done so, and their findings indicate that inequality in the US is much less a problem than indicated by the misleading income and poverty statistics (Sheffield and Rector 2011).

It is unclear how shifting focus to global warming and the “infernal life” it has wrought, can save his analysis or his policy agenda. The quality and integrity of those data are clearly bad, the science is deeply tarnished by government funding, and it is obvious to other

scientists, engineers, and economists that capitalist and wealthy countries don't face the imminent dangers that global warming theorists allege, though dangers such as rising sea levels might negatively impact non-capitalist economies if and when they do happen.

Piketty is an enemy of private property rights, which even most non-Austrian economists consider a necessary condition for prosperity. He does note that property is now more evenly divided than it was two centuries ago before capitalism, but he seems unconcerned how a middle class might have developed and flourished during that time. He thinks the question of ownership and control is a purely political question without substantive economic and legal ramifications. His whole discussion of these matters amounts to making wealth a Marxist-spawned whipping boy for even more progressive income, wealth and inheritance taxes and an ever-expanding welfare state.

Piketty does oppose colonialism and slavery, but he would no doubt be surprised to learn that it was liberals, like Adam Smith (the philosopher of human happiness and empathy towards fellow citizens) that led the opposition to such institutions. He does quote Smith in these chapters, not as an opponent of colonialism and slavery, but as an utmost supporter of the nemesis of Marxism, the protection of property rights!

If, like Piketty, one thinks of capitalism as the union of market forces and the State, there is a problem: the State has expanded and defended slavery, while market forces are what led to its withering away in both ancient and modern times. I can think of no other episode that better explains the role of the State and slavery than Piketty's own country's response to the slave revolt in Haiti, but it is a lesson lost on him.

Most remarkable of all is Piketty's explanation for what he calls the "great redistribution" which he dates from 1914–80 (before WWI to when Reagan became US President and Thatcher became Prime Minister of the United Kingdom). He does say that this period was "no piece of cake," but it ushered in the progressive income taxation and the welfare state, thus creating the heavenly transformation of capitalism to increased economic equality, only to be set back by small improvements in the liberalization of markets after 1980.

US statistics do indicate that after WWII the middle class grew, poverty shrank until President Johnson's War on Poverty began

in the mid-1960s, and income inequality declined—to create what others have called the “Great Leveling.” Statisticians and accountants, including Piketty, have done yeoman-like work trying to estimate what happened to the numbers during this period. As fascinating as all that tinkering is for economists, it misses the bigger points regarding cause and effect.

The “leveling” occurred largely because of all the death, dislocation, and reduced family formation caused by WWI, the Spanish Flu, the Great Depression, and WWII. When appalling numbers of young people die or are economically depressed, the subsequent number of births decreases. This leads to higher wage rates and results in a compressed or *leveled* income distribution. Under capitalism, real wage rates can and do increase, poverty declines, people get rich, and economic opportunity and equality improve without massive waves of death and destruction.

In contrast, Piketty sees progressive taxation and the welfare state as true salvation. He wants much more of both in the form of a democracy that produces “progressive” increases in State power. One does not have to read too much between his lines to see that he wants a complete Marxist state without the image problems of Marxism’s past economic failures, mass starvations, and genocides.

CONCLUSIONS

Piketty is a Marxist who has written a great deal on income distribution to promote income redistribution and other Marxist goals. He exhibits no knowledge of economics and economic theory except that implied by the construction of economic statistics. His proposed solutions are implicitly violent, destructive, and unable to achieve the desired results.

His books have been robust sellers by academic standards. Yet, I am hard pressed to know of anyone who has read them, including all the economists I know and even people who work on this topic. I know a couple of younger economists who read a couple of his coauthored papers.

Who bought these books? Who read them? Why did they get so little academic attention, serious reviews, and critiques from economists? As a result, Piketty and his backers have provided academic

cover that has gone largely unchallenged. Piketty's discussion of the issues of income distribution and equality have helped produce widespread acceptance of the need for socialism, higher taxes and greater welfare spending.

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