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HISTORY, ECONOMICS, POLITICS. ON THOMAS PIKETTY'S *CAPITAL IN THE TWENTY-FIRST CENTURY*

FROM A HISTORIOGRAPHIC PERSPECTIVE

Abstract

In my paper I try to analyze Thomas Piketty's *Capital in the Twenty-First Century* as a history book. Thus, the following questions have been posed: at the intersection of which streams, trends, and traditions of the contemporary historiography could one place Piketty's *oeuvre*? What can be said of those elements of the book that can be labeled as historical epistemology: source work, conceptualization of the object of study, etc.? As an attempt to revive serial history, does it inherit the baggage of "misdeeds" against which the entire movement of cultural history rose up? What role does the concept of *longue durée* play in the book? The historical aspects of Piketty's thought have the potential to spark controversy among professional historians, but it is one of its many virtues.

Key words: Piketty, capital, economic inequality, French historiography

Originally published in 2013, and subsequently released in English and Polish translations one and two years later, respectively, Thomas Piketty's *Capital in the Twenty-First Century*¹ has achieved success in practically every realm. It has sold several million copies, echoing widely throughout the academic discourse as well as in journalism and the political and public realms; the title has garnered several awards and has been translated into numerous languages, and scores of

¹ Thomas Piketty, *Capital in the Twenty-First Century* (Cambridge Massachusetts: The Belknap Press of Harvard University Press, 2014). Passages cited in the text are quoted from the English-language edition.

debates have been devoted to its subject. One would be hard pressed to name a work of scholarship in the social studies that has attracted comparable attention. It might seem, therefore, that there is little point in returning to the book with the intention of contributing yet another voice to those that have been raised so numerous before us. To be sure: as János Kornai wrote in 2016, “There have been at least a hundred reviews of [*Capital in the Twenty-First Century*] so far—mine will not be the 101st.”² On the other hand, monumental works of scholarship—and Piketty’s book is unquestionably an example of such a work—are characterized, inter alia, by their many dimensions, the many layers of content that emerge when examined through a particular perspective adopted by the reader. Perhaps the measure of greatness (or topicality) of a person’s thought is its capacity to elicit ever new interpretations and readings. In any case, responses to (and critiques of) *Capital in the Twenty-First Century* have thus far been deployed from the political and economic positions, meaning that their authors have approached the study in question as a particular proposal formulated within the boundaries of economic discourse, as part of a debate on the problems (chief among them the inequalities of income and wealth) that have bothered economists in the past and present, and, at the same time, due to the author’s unambiguous stance regarding the optimal solution to this problem (in brief: the progressive taxation of wealth), this proposal is typically framed as belonging to the political discussions currently under way. In this article, I intend to instead pose questions about the historical—and, more specifically, historiographic—aspects of Piketty’s text. Can *Capital in the Twenty-First Century* be considered a history book? If so, then what kind? Where could we place it on the map of contemporary historiography; at the intersection of which streams, trends, and traditions? What can be said of those elements of the book that can be labeled as historical epistemology: source work, conceptualization of the object of study, etc? In fact, the author himself encourages such questions, emphasizing in many passages the historical character of his research. In the introduction, for example, Piketty writes:

If we are to progress in our understanding of the historical dynamics of the wealth distribution and the structure of social classes, we must obviously take a pragmatic approach and avail ourselves of the methods of historians, sociologists, and political scientists as well as economists. We must start with fundamental questions and try to answer them. Disciplinary disputes and turf wars are of little or no importance. In my mind, this book is as much a work of history as of economics (p. 33).

The intent expressed in this passage—to use techniques and research perspectives that are employed successfully in various social studies for the purpose of analyzing a historical phenomenon—naturally brings to mind one of the main postulates put forward by the milieu associated with the journal *Annales*. The appearance of this trope is no coincidence: Piketty is a faculty member of the

² János Kornai, “So What Is *Capital in the Twenty-First Century*? Some Notes on Piketty’s Book,” *Capitalism and Society* 11, no. 1 (2016): 3.

École des hautes études en sciences sociales in Paris; furthermore, in the introduction to the *Annales* issue devoted to *Capital in the Twenty-First Century*, its editors could not but observe that the work was a response to the expectations once harbored by the likes of Bloch and Febvre, and later by their heirs, that there would be created, again and again, a “space for intellectual and scholarly debate among all the social sciences, beginning with history, economics, and sociology.”³ More significantly, Piketty also alludes directly to a specific tradition that exists in the historiographic *Annales* movement, thought not without reservations—namely, what is known as serial history. According to Piketty, “the decline of economic and social history based on the evolution of prices, incomes, and fortunes, (p. 20, footnote 35)” whose heyday had spanned from the 1930s to the 1970s, was entirely understandable, but also “unfortunate as well as reversible.” *Capital in the Twenty-First Century*, it is implied, could contribute to this reversal. On the one hand, the author pays a sort of homage to the pioneering scholarship by Ernest Labrousse, François Simiand, and François Furet on the subject of phenomena associated with his topic of interest: the historical distribution of wealth. On the other hand, he is cognizant of the mounting challenges faced by these historians, and therefore acknowledges the deficiencies of their work, which resulted in the atrophy of their entire area of study. In the years in which these works were written, the very act of compiling and processing the data required enormous effort, hence “the technical difficulties [...] [take] precedence over analysis and interpretation, especially since the technical problems imposed strict limits on their ability to make international and temporal comparisons (p. 20).” Both of these weaknesses of serial history—poor data integration and the excessively narrow temporal and spatial limits of the undertaken studies—produced an image of the researched phenomena in which any observed variation was endogenous in nature, and was dependent on some factors that were peculiar to these phenomena. Piketty addresses this in the conclusion to his book:

I also think that the demise of serial history was connected with the fact that the research program petered out before it reached the twentieth century. In studying the eighteenth or nineteenth centuries it is possible to think that the evolution of prices and wages, or incomes and wealth, obeys an autonomous economic logic having little or nothing to do with the logic of politics or culture. When one studies the twentieth century, however, such an illusion falls apart immediately. A quick glance at the curves describing income and wealth inequality or the capital/income ratio is enough to show that politics is ubiquitous and that economic and political changes are inextricably intertwined and must be studied together (p. 577).

Considered from this perspective, *Capital in the Twenty-First Century* is thus an attempt to revive serial history—that is, the kind of history which uses uniform sets of numerical data to reconstruct certain trends, lines of evolution,

³ “Lire *Le capital* de Thomas Piketty,” *Annales. Histoire, Sciences Sociales* 70, no. 1 (2015): 5.

and relations among others—but an attempt made under new technological circumstances,⁴ with a broader temporal and geographic frame, and treating the main object of study—the dynamics of wealth distribution and the inequality thereof—as a fully historical object, meaning one that is dependent on historical (variable, random, etc.) factors and circumstances, and can therefore be studied, and upon which political action can be exerted to steer it in a particular direction.

Furthermore, the tropes identified in the above outline of Piketty's work—the return to *histoire sérielle* in its modernized form, operating at the scale of several centuries, saturating the studied phenomena with dimensions that extend beyond the economy (politics, morality, etc.), connecting the past to the present form of the phenomenon through its historification—point to specific issues that warrant exploration in light of my question about the historiographic character of the book.

I described Piketty's effort, above, as a return to serial history. This immediately prompts the question: Does *Capital in the Twenty-First Century* inherit the baggage of “misdeeds” against which the entire movement of cultural history (microhistory, historical anthropology, etc.) rose up? As we know, in the 1970s there occurred in West European (and American) historiography a turn away from quantitative research, in favor of more individualized approaches to the subject of human experiences, ways of thinking, imagination, etc. What is more, this confrontation was overt and direct: in the key texts of the period—vanguards of the new, culturally oriented perspective—quantitative analyses are almost invariably cited as a negative point of reference. This can be observed, for example, in studies by Carlo Ginzburg,⁵ Robert Darnton,⁶ and Arlette Farge.⁷ A reconstruction of the full range of objections raised against serial history and its methods exceeds the scope of this article. Let us recall, therefore—as a sample—just one: according to the critics, what analyses based on series of data overlooked was the human being as the subject, with the events of his life, the world of his experiences, motivations, and emotions. History that operates on numbers, producing measurable sequences and curves, turns out to

⁴ “Advances in computer technology have made it much easier to collect and process large amounts of historical data.” Piketty, *Capital in the Twenty-First Century*, 20.

⁵ Cf. Carlo Ginzburg, *The Cheese and the Worms. The Cosmos of a Sixteenth-Century Miller*, transl. John and Anne C. Tedeschi (Baltimore: Johns Hopkins University Press, 1992) in which the author observes the futility of applying quantitative methods to Menocchio's case.

⁶ On this subject, see Ewa Domańska, *Mikrohistorie. Spotkania w międzyświatach* (Poznań: Wydawnictwo Poznańskie, 1999). Opposition to the history [of mentality] “in its serial and quantitative forms,” and to statistical research and the “measuring” of human attitudes, are among the main elements which, according to the author, define Darnton's historiographic position.

⁷ In one of her earliest works Farge manifestly places her research within the movement striving for “liberation” from “the dominance of quantitative history,” which, by imposing its “curves and numbers” onto collective forms of mentality and everyday life, turned them into a *sui generis* “economics.” Cf. Arlette Farge, *Vivre dans la rue à Paris au XVIII^e siècle* (Paris: Gallimard, 1992), 10.

be “extrahuman” and “inhuman.”⁸ This could easily be applied to *Capital in the Twenty-First Century*: Piketty writes about the problem of wealth and income inequality, and by extension social inequality, which are problems that affect nearly everyone (peasants, workers, teachers, waiters, etc.) in a tangible and almost invariably significant way. In result, behind the polished, statistically generated finding that at the beginning of the twentieth century, even in the wealthiest, most highly developed countries, 90% of society owned virtually nothing⁹ lies an ocean of personal tragedies experience by people suffering poverty, enduring uncertainty and fear, and dying in the fight for a better tomorrow. However, with the exclusion of a handful of sentences, the only occurrence of the level of analysis that reveals the tragic reality behind the numbers and graphs is at the beginning and end of the book, where Piketty mentions events that took place in August 2012, when 34 miners in South Africa were killed by police while on strike, demanding a wage increase from 500 to 1,000 euros per month (pp. 39, 583). Throughout the book, the author displays a much greater preference for addressing the plane of the concrete by citing examples from the arts, in the broadest sense: we encounter characters and situations created by writers (Balzac, Jane Austen, Henry James, and others), classic filmmakers (Orson Welles, Stanley Kubrick), and the artists behind contemporary feature films and TV shows (*Titanic*, *Bones*, *House*, etc.).

Could the same weaknesses that were once identified in the *oeuvre* of serial history be spotted in Piketty’s volume? This question, one might argue, is all the more relevant given that political and historical economists have not shied away from depicting reality below the macro level¹⁰—suffice it to mention Marx’s *Capital* and its graphic descriptions of specific victims of the nineteenth-century system of factory labor. The answer will largely depend on one’s preferred method of writing about history. Adherents of “history from below” perspectives are unlikely to become enthusiasts of Piketty’s approach. On the other hand, it is worth remembering that *Capital in the Twenty-First Century* appeared in a somewhat different historiographic landscape. While in the 1970s one would be correct to speak of the imperial designs of serial history, as it rose to the “third level” (human mentality), propelled by the work of Pierre Chaunu,¹¹ culturalism has since become ubiquitous. Interestingly, this observation is made by the *Annales* editors, that is, by the very milieu that was partly respon-

⁸ Wojciech Wrzosek, *Historia—kultura—metafora. Powstanie nieklasycznej historiografii* (Wrocław: FNP, 1995), 134.

⁹ “[I]n France, Britain, and Sweden, as well as in all other countries for which we have data, the richest 10 percent owned virtually all of the nation’s wealth. [...] In other words, there was no middle class in the specific sense that the middle 40 percent of the wealth distribution were almost as poor as the bottom 50 percent.” Piketty, *Capital in the Twenty-First Century*, 261.

¹⁰ On the inevitable “costs” of the macrohistorical approach, cf. Jean-Yves Grenier, “Dynamique du capitalisme et inégalités,” *Annales. Histoire, Sciences Sociales* 70, no. 01 (2015).

¹¹ Pierre Chaunu, “Un nouveau champ pour l’histoire sérielle: Le quantitatif au troisième niveau,” in *Mélanges en l’honneur de Fernand Braudel*, vol. 1 (Toulouse: Privat, 1973).

sible for the earlier turn toward the cultural perspective. In the above cited introduction to the special issue devoted to Piketty, we read: “the fortification of culturalism and social constructivism sometimes led to the notion that the laws of economics were nothing more than arbitrary fiction that ought to be relativized or even rejected outright.”¹² It would correct, therefore, to read *Capital in the Twenty-First Century* as a study deliberately written *in support* of the reinstatement of the perspective which holds that supra-individual mechanisms, dependencies, tendencies, and even “laws” wield historical power, and actually influence the lives of people at the level of their personal experiences.¹³

Reinforcing this interpretation is the fact that Piketty unfolds his analysis across several centuries, thus illustrating the persistence of certain relationships and phenomena, as well their accumulating consequences. Critics rather quickly pointed out the significant role the concept of the *longue durée* plays in the book. For example, as the authors of the widely-discussed *History Manifesto*¹⁴ wrote, the use of the *longue durée* makes it possible—somewhat paradoxically—to historicize a hypothesis, formulated by Simon Kuznets, that had long been regarded as an indisputable fact of the capitalist economy. Based on his analysis of the incomes of the highest-earning Americans from 1913 to 1948, Kuznets concluded that economic inequality followed a bell curve: in capitalist systems, an initial period of growing inequality is “naturally” followed by its reduction. Piketty, by contrast, uses data from the past two centuries to demonstrate that the final period of decreasing inequality was a consequence of purely historical factors, namely two world wars and the subsequent political and economic shocks (pp. 14–15). In other words, under conditions favorable to the existence and unimpeded operation of the fundamental elements of a capitalist system (the free flow of capital, a free market based on the laws of supply and demand, a restrained state fiscal policy, etc.), income and wealth inequality tends to visibly increase, rather than decrease. The hopes nurtured in the period of the French Revolution—expressed by Condorcet and others, according to whom it was enough to grant everyone “equal rights with respect to the market and property” and “freedom of commerce and industry” for “fortunes [to] tend naturally toward equality”—were dashed in the long nineteenth century, when the exact opposite process was observed as the concentration of wealth in the hands of the richest (pp. 363–364). What explanation is there for this trend? At the most general level, Piketty points to what he calls the “fundamental force for

¹² *Lire Le capital*, 5

¹³ In this sense, from the political standpoint, proponents of writing history from below and authors of macro-historical perspectives are, to put it colloquially, “playing for the same team.” “Empathetic” reconstructions of the life stories of individual victims of socio-economic inequalities and a “detached” bird’s-eye view of the years-long processes underlying wealth and income stratification, are expressions of the same objection to the state of affairs and demand its political remediation.

¹⁴ Jo Guldi, David Armitage, *The History Manifesto* (Cambridge: Cambridge University Press, 2014), 79–81.

divergence (p. 351)” or “fundamental inequality” (p. 353) expressed in the equation $r > g$, where r stands for the return on capital, and g stands for the rate of growth of the economy. In fact, this is the book’s central thesis: based on the analyses of series of data spanning entire centuries, it can be unambiguously determined that, at a global scale, the average return on capital clearly exceeds the rate of economic growth. The value of the first variable, according to the author’s calculations, is more or less constant and amounts to 5 percent annually; by contrast, economic growth rates of a few percent per year are observed locally and intermittently, and are typically much lower: “The only historical examples of noticeably more rapid growth—3–4 percent or more—occurred in countries that were experiencing accelerated catch-up with other countries. This is a process that by definition ends when catch-up is achieved and therefore can only be transitional and time limited (p. 93).”

There are a few issues to address at this point. First, what does the structural inequality expressed in the equation $r > g$ actually mean? It means, above all else, that the income accrued from capital is greater than the income earned from labor. In other words: Those who are already wealthy (i.e., people who own fortunes that can be invested) grow richer faster, which of course results in the growing concentration of capital and increasing inequality. Once again, the concept of the *longue durée* plays an important role here. Let us assume that the difference between the rate of return on capital and the rate of economic growth is 2%. In the scope of a year or two, this difference might be imperceptible. But when we consider a longer period, this “apparently small gap” can “have powerful and destabilizing effects on the structure and dynamics of social inequality (p. 77).” This follows from the “law of cumulative growth,” which states that even minor values and differences in the span of a year can become increasingly significant as time goes by. For example, “a growth rate of 1 percent per year will multiply the population by a factor of 1.35 after thirty years, 3 after one hundred years, 20 after three hundred years, and more than 20,000 after one thousand years (p. 74).” Furthermore, there is a second-order inequality hidden in the general inequality expressed in $r > g$. An average 5 percent profit on capital does not mean that everyone, regardless of their wealth, achieves a similar rate of return. The most wealthy entities—billionaires and American universities with large endowments, for example—can earn approximately 10 percent per annum over the span of several decades; small-time savers, by contrast, must make do with returns substantially below 5 percent. In short, “the richer one is, the wealthier one gets (p. 582).” Similar inequalities can be observed in the area of wages, in the share of economic growth, etc. But despite the structural (long-term) character of these “forces for divergence,” as Piketty calls them, he does not believe that their status is that of an inviolable law. The difference expressed in $r > g$ and its accompanying inequalities are historical processes that develop and surge under favorable conditions (e.g. in what economists consider to be the free capital market), however it is possible to counteract their processes, for example by enacting specific public policies and exercising the powers that stem from them.

This leads us to another prominent theme in Piketty's book, namely the complexity of the problem in question. The dynamics of the division of wealth and the inequalities thereof are by no means a purely economic problem, but a problem that is thoroughly political, and thus social, moral, etc. This should be understood in at least two senses. First, the history of inequality itself in no way resembles a long, slow river, and it certainly does not reflect a consistent trend toward a "natural" balance. Instead, it consists of innumerable curves and meanders. In France, as in other countries, the history of inequality is always a political and chaotic history, one influenced by social shocks as well as numerous social, political, military, cultural, and purely economic phenomena that determine a particular country's rhythm throughout the period in question (p. 274).

But the matter of socio-economic inequalities is political in nature to the extent in which it is a "public thing," meaning it involves many parties, affects practically everyone, extends throughout the horizontal dimension (inequalities among different regions of the world), and permeates deeply into every relatively isolated community (inequalities within a single society). It follows that this issue should be counted among the problems which, as Isabelle Stengers once wrote,¹⁵ it is impossible to approach objectively, and any analysis of which co-determines their "reality." At one point Piketty unambiguously states: "The way one tries to measure inequality is never neutral (p. 270)." This remark applies mainly to economics and its scientific aspirations. By employing the language of mathematics, economics sometimes creates the impression of almost being a hard science, free of any political or ideological implications. Meanwhile, many economic theorems, formulas, calculations, and models are inevitably involved in debates on the causes and justifications of existing inequalities, because they contribute to the naturalization and depoliticization of the matter of the distribution of wealth and the dynamics thereof. As we have seen, such an effect can be ascribed to Kuznets' research, but not only his: Piketty is similarly critical of the Cobb-Douglas function, which purports to demonstrate a constant share of capital in the national income (pp. 217–218), and of the famous Pareto law, which applies to the distribution of wealth and wages (pp. 367–368). Or, for example, let's consider such economic concepts as "marginal productivity" and "time preference": both were created in order to explain, respectively, wage inequality ("a worker's wage is equal to [...] his individual contribution to the output of the firm or office for which he works (pp. 304–305)") and the 5-percent average return on capital ("the actor in question is prepared to sacrifice 105 euros of consumption tomorrow in order to consume an additional 100 euros today (p. 359)). However, in reality, they are either abstract or tautological, and serve only to excuse or even justify the need for certain structures of inequality and the phenomena that produce them.

Piketty's approach is different: when he uses historical data, he does so not to demonstrate the existence of constant tendencies or structures that are perma-

¹⁵ Isabelle Stengers, *La Vierge et le neutrino. Les scientifiques dans la tourmente* (Paris: Les Empêcheurs de penser en rond/Seuil, 2006), 22–24.

nent or immutable. On the contrary: he employs his acquired knowledge of history to develop calculated proposals for the future. As Piketty argues in the book, inequalities of wealth and income decreased drastically during the two world wars and the shocks that accompanied them. What can be done today, when—according to all major indicators—stratification is approaching levels last observed in the early twentieth century? One possibility the author considers is a global progressive tax on capital. At the same time, Piketty is aware that there is no straightforward link between historical reflections, the lessons derived from history, and the problems plaguing our world today. Consequently, he avoids succumbing to the illusion—sometimes encountered in the contemporary humanities—that “socially engaged” knowledge is by its very nature effective, and that simply by existing, it can have a positive effect on a particular situation. As we read in the final words of the introduction: “The sole purpose of the book [...] is to draw from the past a few modest keys to the future. Since history always invents its own pathways, the actual usefulness of these lessons from the past remains to be seen. I offer them to readers without presuming to know their full import (p. 35).”

Capital in the Twenty-First Century evoked polarized reactions in the world of economics and politics. Some hailed the study as a milestone in our thinking about contemporary inequalities (a *Guardian* review), while others accused the author—mainly for his suggestion that a global tax be levied on capital—of striking at the very foundations of the market economy (views expressed by neoclassical and neoliberal economists). Thanks to his deliberate return to the macrohistorical perspective and his taking inspiration from serial history, his eschewing of culturalism and reemphasizing the significance of the concept of the *longue durée*, his recognition that any perspective on the dynamics of wealth and income inequalities is necessarily far from neutral, his deliberate use of historical knowledge to propose solutions to the problems plaguing societies today and likely in the future—thanks to all of these qualities, Piketty’s book undoubtedly has the potential to spark significant controversy among historians. But should we not count that among its many virtues?

Translated from Polish by Arthur Barys

ACKNOWLEDGEMENTS

The translation of this article was enabled by financial support from the Faculty of History, Adam Mickiewicz University in Poznań, Poland.

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