

Piketty on World Democracy Without Borders

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Posted to the World Orders Forum: 31 July 2023

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This review of Thomas Piketty, *Capital and Ideology*, Arthur Goldhammer, trans. (Cambridge, MA: Belknap Press of Harvard University, 2020) is scheduled to be posted in *The Federalist Debate* in November 2023. It is posted here with permission from the editors of *The Federalist Debate*. It is the second of two essays by Baratta on Piketty submitted both to *The Federalist Debate* and to *The World Orders Forum*.

Thomas Piketty's *Capital and Ideology* offers guidance to civil society groups seeking world peace such as Democracy Without Borders, the World Federalist Movement, the more universal wing of the Union of European Federalists, and concerned individuals. The book traces the deep, economic history of inequality, despite gains such as the abolition of feudalism (4 August 1789) or the elevation of men (and eventually women) to equal citizenship in new republics, which should be helpful to meet the next challenges of hypercapitalism and Chinese Communism. Since the Reagan and Thatcher reversals in the 1980s, there has been a great increase of inequality for the lower 90 percent of the population in every nation, which Piketty particularly traces. He does have a vision of ultimate "transnational participatory socialism and social federalism," but he is not trying to persuade us simply to adopt it. Rather, he shows us what actions to take in the struggle of ideologies (nowadays, meritocracy vs. social ownership) to bring it about, mostly by allying with the working and middle classes in their struggles for equality since the times of progressivism (1890-1916). "Nothing is predetermined," he often says. Everything depends on public debate, constitutional and legislative struggles, and experiment.

“History has much to teach us,” he writes, “about the shape of an ideal property or tax regime or educational system.” Piketty shows how the era of absolute private property culminating in the Belle Époque, Edwardian Age, and Gilded Age, was undone during the Great War, Depression, and World War II by progressive taxation on incomes (1913 in U.S., 1914-17 in France) and inheritances (1916, 1901). These taxes (reaching 70–80 percent) were the result of political decisions in times of war and depression to pay for victory, nationalizations, public education, and health. The Bolshevik revolution attempted to completely abolish private property, especially in land and industry, but other states in the West were content with more modest reforms like the New Deal, the Beveridge plan, la Sécurité sociale, and Swedish-German co-management. Franklin Roosevelt’s proposed Economic Bill of Rights (1944) was typical. Piketty calls the welfare states after 1945 “social democratic”: not Communist but definitely Leftist, the most socially equitable as well as most prosperous as measured by economic growth (1945–1980). This last is his standard. It came about not through design, but by struggles for equality and social justice in times of crisis against forces, always at work in societies, of privilege and selfishness.

That era ended with the innovations of the 1980s: neoliberalism, free market capitalism, and globalization. In the U.S. it was a response to stagflation in the aftermath of the Vietnam War, which the American people could not be induced to pay for by taxation. In Europe, the privileged classes seized the opportunities for trade opened up by the Americans. Piketty devotes most of his book to how the entrepreneurial class was freed from capital controls to exploit the poor and foreign peoples for gain, which produced the deeply inegalitarian societies in the West today. Unregulated capitalism was a principal cause of the disasters of 1914-1945, and its revival under globalization led to the financial crisis of 2008.

Piketty blames the loss of further progress toward social democracy on failures of parties on the Left: in France, Socialist, Communist, Radical, and Green; in Britain, Labour; in America, Democratic; in Germany, Social Democratic (SPD); in Sweden, Social Democratic (SAP). In Italy, after the Mani Polite (Clean Hands) investigation in 1992, the Christian Democrats and the Socialists, who had dominated Italian politics and the new republic, fell to various right wing parties, including Silvio Berlusconi’s Forza Italia and the secessionist Lega Nord. The Italian Communist Party (PCI) lost its nerve after the collapse of the Soviet Union and ended up as the elitist Democratic Party (PD), led after 2014 by Mateo Renzi. The current

social-nativist Five Star Movement and anti-immigrant League is a fragile coalition similar to parties in Poland and Hungary [pp.877-80]. These workers' parties became, thanks to the expansion of public education after the war, elite parties of the educated. The working class felt abandoned and drifted toward the “sirens of racism and anti-immigration,” what he calls “identitarian” (nationalist) politics.

Their greatest failure, he argues, was the “inability of the social-democratic coalition to escape the nation-state.” Both Hannah Arendt and Friedrich von Hayek have criticized the socialists for not pursuing federation [pp. 479-85]. The EU is his most immediate example of modern states failing to federate. Moreover, the “disasters of Stalinism and Maoism” have made many on the Left doubt the very possibility of egalitarian internationalist solutions. It is possible that the elite parties of the educated may cooperate, but their policies are instantly perceived by the immense majority of the working class and increasingly of the middle class as principally benefiting the upper deciles of the population. In the American context, those trying to turn the elite parties around include Henry George, Huey Long, Bernie Sanders, Elisabeth Warren, and Alexandria Ocasio-Cortez. They believe in justice for all. Liberty as an ideology is complemented by equality.

Piketty does not argue that we should simply take from the rich and give to the poor. He argues that it is possible to create a just society with prosperity and liberty for all. He concludes with a stunning vision of social democratic objectives:

- Power sharing between workers and shareholders;
- Ceiling on corporate shareholder votes;
- Steeply progressive taxes on income, inheritances, and wealth;
- Universal capital endowment;
- Permanent circulation of wealth;
- Social insurance;
- Basic income;
- Ecological transition;
- Educational equality;
- Co-development treaties;
- Quantified objectives of social, fiscal, and environmental justice;
- Liberalization of trade;
- Abandonment of some treaties permitting the free circulation of capital;
- Rules of financial transparency, fiscal cooperation, and transnational democracy.

For activist groups, the lesson would be that success ultimately depends on rebuilding working class political parties dedicated to the goals of social democracy.

