

A Pirate reads Piketty, part 1: Knowledge and Equality [1]



Written by George Walkden on 17 July, 2015 - 21:30

Back in 2014, Thomas Piketty's book *Capital in the Twenty-First Century* came as close to being a popular sensation as a 700-page economic tome can get, winning acclaim from a variety of sectors and propelling Piketty into the company of well-known "public economists" such as Joseph Stiglitz and Paul Krugman. A little late to the game, I decided to take a look for myself. I felt motivated to write this series of posts because it turns out that core Pirate principles and Piketty's main messages are more closely entwined than one might imagine.

Part of the book's appeal is that it is written to be accessible to audiences with varying levels of knowledge, from academic economists to those who, like me, are virtually macroeconomically illiterate. It is also decidedly non-partisan in its orientation: Piketty is as happy to dismantle Marx as he is to take apart Pollyanna-like prophets of the free market like Simon Kuznets. He's not modest, but refreshingly sceptical of his own discipline, accusing economics of harbouring a "childish passion for mathematics" as well as "highly ideological speculation" (p32). Of course, no one can be expected to be fully objective, and Piketty makes no attempt to hide, or correct for, his origins in decidedly left-leaning France - a country that receives more attention in this book than one might expect, as he acknowledges (pp28-30). But the guiding principle is data, and here - particularly in the historical dimension - Piketty seems to be bringing a gun to a knife fight.

The book's too big to do justice to in just one blog post, so this focuses on the introduction and Part 1. I'll cover the later parts (2-4) in their own blog posts, and if I have time I'll devote another post to examining reactions to the book. What did I take from Part 1? The two messages that I think are particularly important for Pirates are that knowledge is a powerful force for equality and that the twentieth century was exceptional in many ways.

Knowledge is a force for equality

Inequality looms large in this book. Piketty does not assume - as is tempting - that income inequality is simply a bad thing in itself, stating that "the key question is to decide whether it is justified, whether there are reasons for it" (p19). He doesn't dwell on why it needs to be justified or how this could be measured, but basic morality is enough here, I feel: a world in which some people are financially unable to subsist while others have more income than they know what to do with is just wrong, and that holds regardless of one's position on the political spectrum, especially in cases where much of that disparity comes from inherited capital.

What forces act to reduce inequality, then? Here Piketty is unequivocal: "Over a long period of time, the main force in favour of greater equality has been the diffusion of knowledge and skills" (p22); "historical experience

suggests that the principal mechanism for convergence at the international as well as the domestic level is the diffusion of knowledge" (p71).

To some extent, this is unsurprising, but I was still surprised by it. As a committed academic, I've believed for a long time that knowledge and skills are good in and of themselves. As a committed Pirate, I've believed for a long time that the free diffusion of knowledge is good in and of itself. Yet Piketty's conclusion is powerful, because one need not believe either of these things in order to accept that there is a socioeconomic case for making access to knowledge as widely available as possible.

This makes the [case for open access to academic research](#) [2], for instance, virtually unassailable. Third world institutions can often not afford cutting-edge research when it is locked behind a paywall, for instance; yet the spread of (at least certain kinds of) knowledge accrued through research can change lives, to say nothing of saving them. Another important implication is that broad access to higher education really is essential, and Piketty draws this point out: rather than being purely natural, the diffusion of knowledge "depends in large part on educational policies, access to training and to the acquisition of appropriate skills, and associated institutions". The uptake of university places has [taken a nosedive](#) [3] in recent years, and it's no great stretch to attribute this to the huge rise in tuition fees. From the perspective of equality, both the Tories and their Labour predecessors (who started the ball rolling by introducing top-up fees) should be ashamed of themselves.

To sum up, successfully advocating openness is likely to result in reduction of income inequality. In Pirate terms: "Our society is built upon the sharing of knowledge, ideas and culture". Piketty's historical argumentation strongly suggests that this is no mere metaphor or allegory, but a hard economic reality.

The exceptionality of the twentieth century

Piketty brings data to the table from the eighteenth and nineteenth centuries - that is, pretty much from the earliest time that reliable and relevant economic records are available, as he explains (pp55-59). What emerges throughout Part 1 of the book is that the mid-twentieth century is an oddity in virtually every respect: the capital/income ratio in Europe sank to an extremely low level (p26), and the European and American dominance of world output reached its height (p60), as did the growth rates of world population (p80) and of world output (p101). Moreover, the twentieth century is the only one in recorded history in which inflation played a major role (pp103-9): "inflation is largely a twentieth-century phenomenon".

Again, we shouldn't be surprised that the twentieth century is anomalous. It witnessed two world wars, among other things. But the point is nevertheless important, since predictions for the future are often based on exactly this period, as the period for which data is most readily available. It's also the generation that spawned the baby-boomers who currently rule the world. Yet everything Piketty presents leads inexorably to the conclusion that we should be very wary of projecting twentieth-century developments forward into the future.

This is in line with a lot of things Pirates have been saying since the formation of the movement. Those bewailing the downfall of the "music industry", for instance, often seem to be ignorant of (or conveniently forget) the fact that the record companies in question are a deeply twentieth-century phenomenon, brought into being and sustained entirely by a very particular set of technologies. Looking further back in time, the very notion of copyright itself owes much to the development and increasing availability of the printing press: the world's first true copyright law, the Statute of Anne, was enacted in 1710. Academics have suggested that the world is coming to the end of the "[Gutenberg parenthesis](#) [4]", a period in which our conceptions of ideas and knowledge are shaped heavily by the dominance of print.

These developments, like the economic ones Piketty discusses, underscore the fact that it is fatal to ignore the role of historical and cultural contingency in shaping our views of what is normal/acceptable and what is not. These prevailing views in turn shape economic policy and lawmaking - Piketty warns us to "be wary of any economic determinism" (p20).

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