

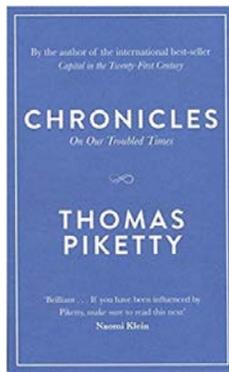
Thomas Piketty: Chronicles on Our Troubled Times

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Translated from the French and annotated by Seth Ackerman



Thomas Piketty is best known, in English speaking countries at least, for his groundbreaking work on Capital in the Twenty-First Century (2014) but is also a well-established columnist in his native France. In this collection of columns, written between 2008-15 and first appearing in *Libération* and *Le Monde*, he turned his attention to the contemporary economic issues arising from the banking crisis and the subsequent crisis of austerity. One of the more important recurrent themes is the centrality of the European Union to social, political and economic life in Europe. As he observes: "... Europe's political fragmentation and its inability to unite are particularly debilitating as it faces the instability and opacity of the financial system. When it comes to imposing the necessary prudential rules and tax laws on globalized

markets and financial institutions, the nineteenth-century European nation-state is, obviously, no longer the right level at which to act (pp.4-5).” This is an EU with France and Germany at its heart and, it goes almost without saying, one that is rooted in the need to maintain peace and stability in a continent that has witnessed centuries of warfare and destruction. Yet it is also an EU that is hamstrung by the lack of democracy and the primacy of banking above the rights of people. The fact that individual states can set their own interest rates while belonging to a common currency represents a disastrous potential for instability by states undermining each other to attract investment, which will inevitably have diplomatic and political repercussions. This is exacerbated by those states, he uses Ireland as a particular example of this, who set themselves up as attractive homes for international businesses by starving their own populations of needed resources. Even if such economies appear to prosper, the benefits disproportionately flow to the international firms and, when times are difficult, the government can be held to ransom by them. Piketty calls this policy approach ‘tax dumping’ and notes that it has been pervasively pursued across Eastern Europe by many countries which are not going to be able to extricate themselves without external assistance. In this, of course, the role of Germany is vital and here, as has been very evident from that country’s dealings with Greece (which are themselves a shameful indictment of the bankocratic EU) this can very quickly lead to recriminations based on historical events. Germany and bankers of all stripes are wrong to insist on Greece repaying its debts in full, not just on the grounds of equity but, instead, because Germany like France and others did not repay enormous levels of debt resulting from World War II. It is this kind of hypocrisy that Ha-Joon Chang (e.g. 2008) is fond of pointing out when it comes to development economics.

Another important theme is the role of undeclared assets hidden in the various tax havens of the world. Piketty uses the figure of US\$10 trillion (p.20) as an estimate of the amount of wealth stashed away and argues that this is money that could be put to use in supporting public services through taxation or, at least, providing capital and liquidity to the banking system. Since these assets are not being used productively, the ability of governments to deliver effectively managed democratically popular policies is limited. In part, therefore, this has an impact on the fragmentation of the political consensus across Europe as the choice offered to people has increasingly been limited to a centre-right pro-austerity neoliberal mainstream and a xenophobic, anti-open society far right fueled by resentment against the other – the current French presidential election is an example of this.

However, although Piketty does consider political and social issues, his principal focus is on economics and, thankfully, the mostly coherent macroeconomic wing of the dismal trade. In common with Paul Krugman, for example, he is able to use clear language (presumably the translator Seth Ackerman has provided a version that is true to the original in terms of style as well as substance) to explain how economics work and clearing away the obfuscation of so-called common sense. For example, the 2010 column “No, the Greeks Aren’t Lazy (pp.59-61).” In a right-dominated mediascape that has achieved great success through posturing and moralizing, it has become more possible for ugly nationalism to be used to drive through class-based divisions. Piketty counters acutely:

“The problem with these household metaphors is that at the level of a country – and for individuals as well – capitalism is not just about merit. Far from it. For two reasons that can be summarized simply: the arbitrary nature of the initial inheritance, and the

arbitrary nature of certain prices, especially the return on capital (p.60).”

It is unfortunate that we now appear to live in a world in which facts such as these are not accepted. Nevertheless, we do at least have some commentators willing and able to penetrate the darkness. The nature of this book means that the reader will occasionally wish for some of the columns to be expanded and those with thematic similarity to be connected. However, this will do.

References

Chang, H.-J. (2008). *Bad Samaritans: the guilty secrets of rich nations and the threat to global prosperity*. London: Random House Business.

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