


Thomas Piketty – Capital in the Twenty-First Century

by: Rabbi Jeremy Rosen

Thomas Piketty is a French economist. His book [*Capital in the Twenty-First Century*](#)  has taken the left-wing intellectual world by storm. Reviews are everywhere, and if you want to be up-to-date in the salon or the pub, you'll need to read up on his major points. The truth is that it's not the essence of his message that has made his book such a topic of conversation and worth reading, but rather the impressive way he has marshalled his facts, research, history, and broad cultural analysis to make his point. The book is worth reading even if you think his prescriptions and parts of his analysis are arguable.

The increasing gap between the very wealthy and everyone else has now become a cliché of the "one percent." There has throughout history always been excessive inequality. Piketty argues that it is getting significantly worse than it has been for a long time. His touchstone is the Belle Époque (associated with France in the fifty or so years before the First World War and the period of the massively wealthy USA robber barons and bankers). Either such periods end in revolution or in an extended period of recession, slow growth, or stagnation. Which is what he thinks will happen unless, amongst other things, we tax the rich more to reduce the gap.

There is much debate between Republicans who think one should spend one's way out of it by encouraging job creation and letting the rich keep as much as possible which will trickle down, and Democrats who believe the less fortunate need more help and the rich should be taxed to provide it. The welfare element of the US budget is rocketing to the point where it is beginning to look as though the USA is indeed becoming a welfare state. Government increasingly is the employment safety net of the disadvantaged. At the same time, the very rich have many means of avoiding taxation not available to middle-class wage earners.

Piketty makes the point that once wages were the route to upward mobility and financial self-improvement. But increasingly the gap is in capital, mainly inherited, that provides the "One Percent" with its wealth. Old forms of employment are increasingly obsolete. Whole swathes of the population will be left in the cold as many simple human tasks are more cheaply done abroad. This means that, with exceptions, the American dream of upward mobility is becoming less and less realistic. It is very difficult to rise on the basis of employment, which means that, as in Jane Austen's era, if you care about such things, you either inherit money or marry into it.

All this might be so, but there are other scenarios. Nowadays brainpower is the gold dust of success. After all, a brainy (and hard working) child will win scholarships to good universities, regardless of capital. There are many who use their brains and flair to create internet fortunes every bit as big

as those of the old industries. And many of the richest of the new billionaires now, as in previous years, plan to leave most of their fortunes to their charities. Sure, the majority remain scrooge-like, selfish, egotistic accumulators. But humanity has always been the good, the bad, and the ugly. At the same time most of humanity is rising faster out of poverty and hunger than ever before and world health is improving by leaps and bounds. So I am not as pessimistic as Piketty can sound. Revolutions come not when the rich have too much, but when the poor have too little. But then Plato said that in "The Republic" over 2,000 years ago.

Humans have always been different, some more successful than others. People will always be unequal (though of course they should be treated equally under the law). Some are brainier, stronger, and better looking, and some try harder. Give me the ugly grafter any time. Aristocracies and oligarchies, whether praiseworthy or revolting, have always tried to preserve wealth through military expansion, theft, and strategic marriages. The One Percent of Rome, medieval Europe, or Imperialism possessed massive wealth on the backs conquest, serfs, and slaves. In the end they did all collapse, but was it just because of financial inequality, and are we witnessing the beginning of the end of the American Empire?

Historians, philosophers, and economists have always disagreed on fundamentals, on statistics, on which system of capital is preferable, whether markets can or cannot monitor themselves, whether government intervention is always good or always bad. The great economists of the past all claimed to have the answer. Now we know they didn't, and we still don't have it. The best academics analyze. The worst prescribe!

That is why I find the Jewish approach so wise and validating. The Torah recognizes there will always be differences. It does not assert that money is necessarily the root of all evil or that accumulation is wrong. The Torah prescribes no economic policy. It simply advocates and stresses honesty and charity. No matter what the economic or the political system, "the poor will never cease" says the Bible. And in dealing with the problem, the Torah insists that in addition to the obligation to give, justice should be fair and blind.

We have always had our fat-cats; Korach, Ben Kalba Savua, Rabbi Yochanan ben Zakkai, Shmuel HaNagid, the Duke of Naxos, Rothschild, Montefiore, and now our Jewish billionaires. Still, the vast majority of our people have always struggled. However, we have an enviable record of helping the poor. The amount of charity that the Orthodox, in particular, dispense is unbelievable (and most of it is kosher).

Our theological position is clear. First of all, financial is not the only form of wealth. Secondly, if you are fortunate to have it, share it. If God or Nature or Chance has bequeathed you billions, it is to you as the custodian and the agent to ensure that you help those in pain, poverty, and oppression. Systems come and go like fashions. I do not know who is right. But I do know that if there are those I can help, help them I must. That is my religion. That is Judaism.