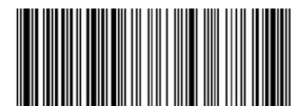
VEDA'S
JOURNAL OF ENGLISH LANGUAGE AND LITERATURE (JOELL)
An International Peer Reviewed(Refereed) Journal
Impact Factor (SJIF) 4.092 http://www.joell.in

Vol.7
Spl.Issue 1
2020

Spl. Issue


ISSN: 2349-9753

AN ESTIMATE OF *CAPITAL IN THE 21ST CENTURY* BY THOMAS PIKETTY

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ABSTRACT

This paper aims to show the Marxism perspective on capitalism. The book *Capital in the 21st Century* by Thomas Piketty tells us about income inequality. Its objective is to integrate theories of development, income distribution, inequality and extremes of debate between income and majority income. Working capital predicts a slow increase in the share of income and inequality. Their proposal for a global tax on capital is one way of evaluating such trends. Most over it, it divides into four chapters. Likewise, the author offers his position on two ideas that have criticized those who have reviewed his work: a global tax on equity and debt. The present book *Capital in the 21st Century* is the most important economics book by Thomas Piketty on the income and wealth inequality in Europe and U.S since the 18th century. The central thesis of the book is that inequality is not an accident, but a feature of capitalism that can only be reversed through state intervention. Thus the book argues that unless capitalism is reformed, the very democratic system will be threatened.

Keywords: multidisciplinary, capitalism, democratic, economics

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INTRODUCTION

The Capital of the Twenty-First Century, published in 2013, focuses on the inequality of wealth and income in Europe and America since the 18th century. The central thesis of the book is that inequality is not an accident, but a feature of capitalism that can only be reversed through state intervention. Thus the book argues that unless capitalism is reformed, the very democratic system will be threatened. The book peaked at number one on The New York Times' bestselling hardcover nonfiction list from May 18, 2014. Piketty offered a "possible remedy: a global tax on wealth". Piketty's book has four distinct parts. The first: provides an entry related to the comparison of the classic problems of income and capital, income, production and development; Confusion and realities are shown between traditional theories and data. The second is related to the dynamics in the relationship between capital and income in a larger historical overview, which describes the metamorphosis of capital. Compare the development of wealth from old Europe to the new world. Capital/income is analyzed by Piketty jointly by a long continuous series treatment and presents an explanatory framework for looking at the division between capital and labor in the XXI century. The third part analyzes the structure of inequalities. First the complex relationship between inequality and concentration. Followed by a comprehensive reflection on the separation between the world of wealth and poverty. Dilemmas corresponding to inequality between labor income and capital derived properties. Then addresses the duality between competence and long-term inheritance, incorporating narrative as a resource that supports analysis of magnitude.

Return to this point. The last section of the third part is devoted to a critical review of the global inequality of wealth in the XXI century. The fourth part is purposeful and suggests regulating capital in the XXI century, with two problems that are improving the economy as Ricardo and Marx are linked to the public sector: a social state and a progressive income tax. Likewise, the author offers his position on two ideas that have criticized those who have reviewed his work: a global tax on equity and debt. The present book *Capital in the 21st Century* is the most important economics book by Thomas Piketty on the income and wealth inequality in Europe and U.S since the 18th century. The central idea of this book is that when the rate return on capital exceeds the long-term economic growth rate, it results in a concentration of wealth and it uneven distribution of wealth causes social and economical instability. There is no distinction between high paid and low-paid people, it will be the gap between those who have large amounts of money and who do some not, Thomas Piketty has proposed a global system that will help reduce inequality by reducing inequality and money coming under the control of small numbers the book argues that there was a trend toward high inequality during the years 1930 to 1975 due to extraordinary circumstances: the II world wars, the great depression and the debt-induced recession had greatly destroyed goods especially owned by the elite. In the words of Thomas Piketty:

> "When the rate of return on capital exceeds the rate of growth of output and income, as it did in the nineteenth century and seems quite likely to do again in the twenty-first, capitalism automatically generates arbitrary and unsustainable inequalities that radically undermine the meritocratic values on which democratic societies are based." And "The sharp reduction in income inequality that we observe in almost all the rich countries between 1914 and 1945 was due above all to the world wars and the violent economic and political shocks they entailed (especially for people with large fortunes). It had little to do with the tranquil process of intersectional mobility described by Kuznets."[1]

[1] *"Lakner, Christoph. 2016. The Implications of Thomas Piketty's 'Capital in the 21st Century'. Policy Research Working Paper;No. 7776. World Bank, Washington, DC. © World Bank.*

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These events prom opted governments to take steps for redistribution in-come, especially in the period past world war second. At that time worldwide economic development began to diminish the importance of inherited wealth in the global economy. The book, argues that the world is returning today to "patrimonial capitalism," in which most of the economy is dominated by inherited wealth. The power of this economic class is increasing and is threatening to build an oligarchy. In capital in the 21st century and companion creation, Piketty and his colleagues have clearly heralded an important new research program to revive classical concerns about capitalist development. Piketty is assessed in a statistical account that increases capital accumulation and concentration of income and wealth among the wealthy people of developed capitalist economics since the 18th century and specifies the period 1914-1980 as an aberration.

Piketty wants the world's major economies to unite to assess the nominal global cooperation is desirable only to present to prevent the wealthy form converting the swapped assets to other jurisdictions. But in the absence of global cooperation, he believes that macroeconomic units- the US or the European Union should move beyond wealth tax, wealth tax and other efforts to curb wealth power. He mentions in his book:

> "In contrast to what many people in Britain and the United States believe, the true figures on growth (as best one can judge from official national accounts data) show that Britain and the United States have not grown any more rapidly since 1980 than Germany, France, Japan, Denmark, or Sweden. In other words, the reduction of top marginal income tax rates and the rise of top incomes do not seem to have stimulated productivity (contrary to the predictions of supply-side theory) or at any rate did not stimulate productivity enough to be statistically detectable at the macro level." [2]

It is different to imagine the need for such international cooperation happening in practical terms. And their enthusiasm for money-taxes is against decades in the economic profession, which should encourage people to save and invest. Most people consider Piketty's positive analysis to be important and will hardly disagree with the result that people present the book point out that the wealth-income ratio in the US has always been low and that the main reason for this in the early years that the value of land in the open spaces of North America had decreased. Of course, there was more land, but since the 20th century, the ratio between capital and income in the United States decreased to reflect the highest level of productivity. A certain amount of capital can encourage more production than in Europe.

At this stage, suffice it to say that most countries, whether they are rich or emerging, are in a much more balanced state than what is currently imagined. In the United States, France, Germany as well as Great Britain, China as well as Brazil and Japan as well as Italy have 1 or 2 percent of national income. In all these countries, in other words, profits, interest, dividends, rent, and so on are more or less balanced in a comparable outflow. In wealthier countries, net income from abroad is generally slightly positive. For the first approximation, the inhabitants of these countries have as much foreign interest in foreign real estate and financial means as their own foreigners. Contrary to a well-known myth, France is not owned by the California Pension Fund or Bank of China, with more Japanese and German investors than the United States. The fear of joining such a predicate is so strong today that imagination often exposes reality. The reality is that inequality in relation to capital is more international than a

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[2] *"Lakner, Christoph. 2016. The Implications of Thomas Piketty's 'Capital in the 21st Century'. Policy Research Working Paper;No. 7776. World Bank, Washington, DC. © World Bank. https://openknowledge.worldbank.org/handle/10986/24858 License: CC BY 3.0 IGO."*

domestic issue. Inequality in ownership of capital brings rich and poor within each country into conflict with each other, just as one country against another. However, this has not always been the case, and it is perfectly legitimate to ask whether our future might not look like our past, especially in some countries - Japan, Germany, oil-exporting countries and China to some extent - enough. is. is. The claims have accumulated in the rest of the world in recent years (largely on claims from early colonial-era records). In addition, cross-ownership has increased significantly, with different countries having substantial shares of each other, thereby increasing the legitimacy of net assets even if the net asset position is close to zero. In short, the national income of a country can be greater or smaller than its domestic product, depending on whether the net income from abroad is positive or negative.

Piketty's book not only provides statistics on equality but also provides a stauncher for understanding the dynamics of inequality. It is important because not all inequalities are created equal. There are some disparities in fairness and almost everyone agrees that a hard-working person earns and consumes more than a person with similar skills but who likes to works less and consumes leisure. Another form of income is considered unfair. High income derived from social considered unjust. Many people consider the inactive and wealthy trust hand unworthy of their inherited wealth. It is only natural that in view of the inequality, inequalities turn into demands for government action through the political process. The center prediction of Piketty's book is that there is an absent change in policy, wealth becomes more concentrated and more often derived from succession so that the successor who is worthy of succession can dominate the top of the distribution. Wealth is also highly concentrated so that the capital of income distribution. Wealth is derived from two sources in which wealth is self-created and wealth inherited in succession. This difference is very important because in our modern gifted societies there is a lot of hatred for an inheritance, not because of its own merit.

CONCLUSION

To sum up above the points, it can not be wrong to say that the book *Capital in the 21st Century* shows the real impact of capitalism on the economy. In capital in the 21st century and companion creation, Piketty and his colleagues have clearly heralded an important new research program to revive classical concerns about capitalist development. The present book *Capital in the 21st Century* is the most important economics book by Thomas Piketty on the income and wealth inequality in Europe and U.S since the 18th century.

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