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An interview with Thomas Piketty, Paris 8th July 2015.

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Working paper 1

September 2015



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

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Editorial note and acknowledgements

This is a transcript of a recorded interview carried out with Thomas Piketty by Mike Savage on July 8th at the Paris School of Economics. The transcript has been lightly edited to improve the flow of text and remove hesitations but is otherwise unchanged from the original conversation. I would like to thank Georgia Nichols for her assistance with editing. Extracts from this transcript are also being published by the Theory, Culture and Society blog.

Abstract

This interview focuses on Thomas Piketty's future intellectual plans which build on his *Capital in the 21st Century*. It explores his interests in expanding databases on wealth and income, and in analysing inequality at different spatial scales, including cities, regions, and global processes. The interview discusses his understanding of new elites and their relationship with older elites, and clarifies his understanding of social class and inheritance. It includes discussions on his relationship with the discipline of economics and with the social sciences more generally. It reflects on conceptual issues, including his theoretical interests in Bourdieu and Marx, and his relationship to socialist theory and politics. His new role in the LSE's *International Inequalities Institute* is also discussed.

Key words: capital; elites; social class.

Q: So we will have a conversation about some of the issues arising from your book. And I know you've been in lots of debate about the book over the last year and a half, but what do you see as the new areas of research you want to get into? What are the main issues, which you felt you didn't have time to get into with the book, which you want to tackle in the next few years?

PIKETTY: Maybe the most interesting impact of all the debate around the book, has been that now we have access to more data on emerging countries. In a number of countries in Asia, Latin America, it is now easier to access some of the historical data and fiscal data. And it's partly because of the publication of the book and of the debates surrounding the book, there was stronger pressure put on government in Brazil, in Korea, in Taiwan, in Mexico, in Chile to say, well okay, why is Brazil not in the database? We are also making progress with Croatia and other Eastern European countries. So in many countries outside the basic core OECD countries we are now able to access data, which we were not doing before. So that's really one important area, which I am trying now to extend the database. With Russia and China it is still very difficult: governments here seem to fear transparency about income and wealth inequality even more than others.

Q: So it's keeping the same models and approaches but extending the range? You expect to find some other things do you think?

PIKETTY: I'm not really a model driven person. I think the history of inequality is always country specific, it's really a way to readdress sort of core issues about the general political, social and cultural history of each country. I think each country is trying to deal with inequality in its own way and to address the basic problem of social equality with its own particularities. The history of inequality in South Africa is not the same as in France, it's not the same as in Brazil where a third of the population was in slavery a century ago, 120 years ago. So it's quite obvious that there's no universal model. More generally I want to move more into the direction of this multi-dimensional approach to ownership and to inequality, which I describe in my *British Journal of Sociology* [piece](#). This is really what I'm trying to do already in this book, probably not enough because it's difficult to address all these issues in a single book, but at least that's my goal.

Q: One thing I thought reading your book again quickly over the last week or so, the chapter on inheritance, which is mainly based upon French data, but that's where you're pushing more towards more sociological, more anthropological arguments about inheritance, and there are a lot of issues there that would be really interesting to look at in a more comparative dimension?

PIKETTY: Yes, I would love to do that now. The data on inheritance sometimes is even more difficult to get than the data on income, but inheritance pattern really involve deeper family structure and representation of family roles and gender roles, dowries in India today are not the same as dowries in India centuries ago, or in France at the time of Balzac as today, and I would love to be able to study these issues in a more comparative international perspective.

Q: It strikes me, thinking about the British context, that we don't really know much about inheritance in the UK, I mean obviously your research gives us some patterns, and I think one of the issues raised by your book is that you describe the patterns really well in the world, but isn't it also how people themselves understand these issues, which is also very important? I still think it's the case that the figures you give about the numbers of people who can expect to inherit a lot is quite high, but whether people themselves are actually aware of this, and I think a lot of people for instance think actually that inheritance gets spent looking after old people and it may not actually be passed onto them. So it seems to me trying to pin together people's subjective awareness as well, or thinking about these issues with the patterns, which you describe could be a really important angle to take.

PIKETTY: Yeah, I agree. I think also that we have a dual return of inheritance, a form of wealth transmission, which we associate to the 'old times' and which I think are part of the future together with more modern forms of inequality and inequality in access to skills, universities etc. So the future is made of a combination of these old forms of inequality with new forms of inequality, and those are different with the return of inheritance today involves a bigger, larger group of sort of medium inheritance, medium to high inheritance returns and a smaller group of really high inheritance. So of course you have your group with really high inheritance but they are rare. But you have a large group of people who don't inherit enough to stop working and maybe also they don't want to stop working because they want to show their merit -- but in any case they don't inherit enough so they couldn't do that. But still they inherit enough so that just through their inheritance returns they might get as much as half of the population through their labour income for their life. So this is a form of inequality, which is different from the sort of traditional patrimonial type of society where a small group of the population inherits enough to just stop working entirely. Now it's different, it's a combination, now typically you inherit £500,000, that's not enough to stop working because you still want to have a good degree and a high paying job, but that's more than what half of the population is going to make in their whole life on the minimum wage.

Q: So we need to go beyond the one per cent towards the bigger proportion of--,

PIKETTY: Yes exactly, we need to look at these broad groups, and in a way that's much more difficult to regulate because with the one per cent you have the illusion or the feeling that you can get them out basically, which the aristocracy in France was one per cent of the population. Now when it's inequality between ten per cent of the population and 50%, you're not going to cut the head off 10% of the population.

Q: One of the things of course, which your work has really argued very strongly and it's very convincing, was this U shaped curve and the return of the patrimonial society. As a sociologist that is very inspiring for me because the question, which I think we need to be asking is what kind of new elites are forming, and how similar or how different they are to the old aristocratic elite? Are we seeing the formation of a new aristocracy or something like an aristocracy, or is it a different kind of wealth elite? One of the important shifts and differences between the old elite of Belle Époque and the new elite is presumably the way in which family dynamics work, i.e. the old elite would have been male dominated, the women wouldn't have worked, inheritance would have gone through the male line. I guess one of the big differences now is it's a very different dynamic, the roles of the families, women are often working, and are often in high status jobs. It would be interesting to hear your thoughts on this, whether the dynamics of reproduction would be different from how you might have found them in the early 20th Century, or not?

PIKETTY: One of the main differences between the new elite and the old elite is that the new elite in a way, they want to have it all, they want to have the wealth and the merit, and they want to have the wealth and the virtue. Well I guess the rich have always been seeking virtue, but I guess the new elite is unruly, violent in their way of assessing that basically they are where they are because they have the merit and the poor are where they are because they have low productivity and little merit and little effort. And these are some things that you sometimes hear at international level as well with lazy Greeks and hard-working Germans or whatever. But within a country this is basically the same. So that's partly related to what I was saying before, is that if you don't inherit enough to just stop working then you need to combine high wage with high inheritance. But I think there's more than that, there's a very interesting discourse that I quote in my book in chapter 13 by the founder of Sciences Po, and so that was right after the expanse of the commune, which was very traumatic at least for the elite, a very traumatic experience of redistribution in France. And so he has a very clear way to explain, well okay, now that we have universal suffrage, there's a risk that basically the poor and the majority of the population will try to expropriate us, the elite. We have to display merits and our own standings so that it will be a completely crazy idea to get rid of us. So in a way it's as if the meritocracy, the modern meritocracy discourse is invented as a way to protect the elite from democracy basically, from the universal suffrage. And he has a way to put it, which is very interesting, because at the same time Sciences Po is a private institution with very high tuition fees where it's difficult to access if you're not from the elite. So in the end this is the same elite in the sense that if you don't come from a high income group it's very

difficult to access this elite, so--, but in terms of discourse it tries to present itself as based on merit.

Q: That's different from the old elite, where there is a distinct status space and you couldn't get into that elite if you hadn't been born into it to a large extent I guess? The meritocratic elite is the idiom, is the ideology rather than the reality? And this is an interesting point because you do use the idea of merit in your book, and one of the readings of your account is to say that inequalities in the labour market, inequalities in income are reasonable because they do affect the way the labour market works and the market for skills. It's when issues of inheritance and wealth become important that the meritocracy breaks down. Would that be fair do you think?

PIKETTY: Well that's what the winners of the game always try to pretend. Now is it justified? I think all of the popular discourse about inequality are always partly self-serving and partly contain some interesting elements of truth or at least of experience, which are interesting. At least, I think they are largely self-serving, in the book I refer to this as what I call meritocratic extremism. This very extremist way of presenting labour market outcomes as being fair. There are several ways to sort of unveil the mask and the discourse. One way is to show that there is very high inequality in access to more privileged educational tracks, so I give data in my book showing that if you take the average income of the parents of Harvard University right now in the US you get the average income of this group is equivalent to the average income of the top two per cent of the US distribution of family income. Which doesn't mean that nobody from outside this top two per cent is going to Harvard, but it means that those who come from outside the top two are so few and those who come from the top two are so high in the top two that the overall average is as if all students have been picked at random within the top two. For Sciences Po in France I use the same data, I get the top nine per cent, which is a somewhat bigger social base for recruitment, but still it has little to do with equal opportunity. So I don't know what the number would be at LSE?

Q: It would be more like the American model.....?

PIKETTY: Yeah, maybe in between. Maybe closer to Sciences Po than Harvard, I don't know, it will be interesting. So I think it's important to study this, because this is one area where the gap between the official meritocracy discourse and the reality of what we see is particularly striking. So to me meritocracy is more a discourse that's used to justify inequalities than the reality. In theory you could imagine a world where people choose different careers whereas you cannot choose a different level of inherited wealth. Except that in order to choose your career you need to have access to education, you need to access the same network, which in practise you don't.

Q: In your book where you talk about income inequality you talk very clearly about the way in which the pay at the very top, the pay of CEOs and the like is driven by corporate norms about top pay, by those setting top pay. And you talk about minimum wage at the bottom. You talk less about what's happening in the middle, the differentiation of salaries and wages in the middle half, say, of the income distribution. Do you have a theory about that? They too are actually dividing too aren't they? It's not just the top and the bottom pulling away?

PIKETTY: No, you're perfectly right, that's one of the many limitations of the book when I talk about labour income inequality, I provide a zoom into minimum wage, then zoom into the top, but it's still very incomplete. Generally speaking, I should say that my book is at best an introduction to the study of capital and inequality in the 21st Century. This needs to be pursued in many directions. It is impossible deal with all of these aspects of the history of inequality over three centuries, 30 countries in just one book. So the book gives a number of special focus and different part of the distribution of labour income, and a stronger focus on the distribution of property and wealth and capital. But there is really a lot more to do.

Q: I'm interested in your relationship to two particular theories, Marxist theory and Bourdieu's theory, you cite them both and you refer to them both, you certainly make it clear you're not a Marxist, and you're obviously not a Marxist, but how would you describe your relationship to the Marxist tradition? Would you say you've learnt things from it?

PIKETTY: Well yes, as I say in the British Journal of Sociology article, we have to combine Marx and Bourdieu and in a way I think that's what I'm trying to do. What I mean by this is that Marx of course emphasised how the power relationship between the different social groups are shaped by the ownership of capital, the ownership of the means of production, also the ownership of the place where you live, housing, the relation between the owners and those who own their labour, this really is the centre of the inequality of power between social groups that is studied by Marx. Bourdieu when he starts writing about social inequality in the 1960s, he starts in 1950s, '60s, 1970s, in a way he writes exactly in the middle of the period, which I identify as a period of sort of low financial wealth, low real estate value. So all the old forms of capital ownership as they existed in the 19th Century until World War One have been largely weakened, some by nationalisation, some by rent control, some by the destruction of the war, so it's both policy induced and war induced. But one of the messages of Bourdieu is to say, okay, well maybe this is gone or this is not exactly the same as what it used to be, but at the same time you now have new forms of sort of symbolic capital and cultural capital, which shape power relations between social groups, and that doesn't mean a very, very violent relationship between social group based upon power and based upon domination do not exist anymore. And I guess part of my message in my book is to say, well maybe in order to think about power and inequality relation in the 21st Century we need to combine the

two. Because we have a return of capital in the sense of financial capital, real estate capital, in the sense that Marx was studying, which is playing a very big role today, much bigger in a way than the '50s, '60s, '70s when new institutions, changes in the legal system, the tax system, sort of domesticated a little bit property relation in the old sense. And at the same time of course we still have very much the symbolic capital, inequality of cultural capital that Bourdieu was stressing. So I think we need to think of new paradigm to look at inequalities that combines the two in the order of discourse as much as in the order of economic and social relations.

Q: I'm very sympathetic to your line, and one of the things it seems to me which you do, which speaking as a sociologist is very powerful is that Bourdieu talks about economic capital being important but he says very little about it in any of his work really, whereas he writes huge books on the cultural capital, social capital....

PIKETTY: But I think that's partly because he writes at a time when indeed economic capital has been weakened. There are economists like Modigliani who write about wealth in the 1950s, 1960s, who observe that inheritance of private property has been weakened, and who then invent the life cycle theory of capital accumulation, which corresponds to a very harmonious view of the social world. Basically they say that old style dynastic ownership has disappeared and now we have entered the age of life cycle capital, so everybody becomes rich as you become old because capital accumulation is all about retirement. So you have a war of the ages if you want instead of a class war, which is much less damaging because everybody is young and then old so it's just the war against lifecycle but it's much less damaging than the war between classes. And there's another reaction in a way, which is that of Bourdieu, which amounts to say, okay, maybe the dynastic capital in the form of formal ownership rights over financial assets or real estates have been weakened but you have all this symbolic capital. People are always very much influenced by the world in which you live, and myself, I am the product of a world where real estate price are very high and oil prices are very high and stock market prices are very high. All the booming asset prices of the 1980s, 1990s, 2000s, 2010, this is the world in which I have grown. And when you hear every morning on radios that the real estate or stock market has gone up five or six per cent when the wages have gone up one per cent, and this continues year after year, at some point you ask yourself, okay, where is that going to go and is it normal or what's going on? And I guess the big part of my questioning came from this practical experience with income and wealth in the same way as Bourdieu and others were influenced by the '50s and '60s.

Q: That's very interesting. I think to me, reading your work alongside Bourdieu's gives us both sides. It gives us the research into economic capital, which you can then link to the cultural capital, which Bourdieu puts on the table. And the same in the British context where most Bourdieusian sociologists tend to look at cultural capital. It would be really interesting to think about how your work can inspire a more multi-dimensional approach

where economic capital figures too, so I think there are some very interesting collaborations around that, that's really interesting. I'd like talk a bit about your very interesting figures in the book, partly because you're an economist, trained as an economist and yet you're in this book deliberately seeking a wider audience, you're seeking to address the social sciences as a whole, and you make it very clear you don't want to embrace a more technical view of economics. In a way you did a very skilful dance between economics and the wider social sciences, arguably that dance will get more difficult to continue in the future as the economists will want you to address more economics orientated issues, very technical issues, methodological issues, theoretical issues in their terms. And those would be issues, which the wider social science community wouldn't be able to engage with. So I'm wondering whether you would try and move more towards a kind of broader social scientific position or whether you still want to engage with the mainstream economics discipline. Can you do both or do you have to pick one or the other?

PIKETTY: I think for the most part I will move more and more toward a broader social science type of writing, and I think I am making progress in this direction, I think it would be still probably a bit too technical or a bit more of an economists book than I would like it to be. And I think in the future I will make progress, or at least I will try to make progress in the direction of more sort of broader social science approach or broader historic approach. At the same time I think I will keep writing technical articles of 20, 30 pages for economics journals to try to engage with economics profession. To be honest I am not that optimistic about the possibility of really moving them, I think some of the economics profession is so much into sort of very technical approach to pretty much everything that it's very difficult to engage in a dialogue with them. It's not only that they don't write books, it's also that they don't read books, so sometimes so it's very difficult to engage in a discussion. My view is that short articles can be useful, that's a useful discipline to do that. But I think in the end you see much more and you ask much bigger questions when you write books. My feeling when I wrote this book is that I've put more thought into the book, I spent more time really thinking hard than I had ever spent in the ten years before writing articles for economic journals or all these supposedly top economic journals, when in fact you sort of escape from the big and difficult questions because the name of the game in the economics profession is that you're going to redefine your question in such a way that you can answer to it according to the standards of what the profession means by answering the questions. So in the end you have to escape the big, difficult questions. People in economics are a bit obsessed with methods and whether mathematical modelling just proving theorems or econometric methods, trying to identify the true causal links between X and Y. And sometimes they just forget and they don't care if in the process, they ask questions, which are of no interest sometimes and they are so narrow, you just add a little theorem and a pile of theorems, or you add a little econometric identification or a big pile of econometric identification, and they just escape the big questions. So I think I'm going to move more in this direction but at the same time I will keep writing economics papers.

Q: A few years ago there was an attempt to develop what was called non-autistic economics, and there's more heterodox economics, and radical economists, obviously I guess Anthony Atkinson or Stiglitz would be part of that community. Do you think the way forward is to create an alternative economics grouping who are like that, kind of critical of the technical parts of economics but also in that tradition, knowing how that school works. Or do you think the attempt should be broader than that, to try and create a broader church of social scientists, including anthropologists, historians, etc?

PIKETTY: I strongly believe in this broader approach. That's why I am interested in this international inequalities centre at LSE. I believe more in trying to bring more sociologists, historians, political scientists together with economists and try to contribute to a broader social science. I think the frontiers between our disciplines are not clear at all most of the time and I think we lose a lot of time just discussing about these frontiers and I think it's more--, to me it looks more like identity politics. And within economics, the problem is that orthodox economics tends to generate its own opposition in the form of heterodox economics, who also sometimes lose a lot of time just trying to define themselves against the orthodox economics, and sometimes I feel that it's better to try to talk about the issues and to take big issues about history of social class, the stock market, the pension system, whatever central issue, and show what can be done rather than just sometimes I feel lose time trying to define ourselves.

Q: I've been reading some other work by people like Stiglitz who in some ways is doing very similar things to you, and obviously the U shape figures they agree with, and he agrees with a lot of your analysis. Also talking to my colleague David Soskice who wrote the paper in the *BJS*, which you responded to, and he also spoke at LSE before you arrived on the Eurostar at the day workshop on May 11th. And one of the points they make is you need to distinguish different capital from wealth, certain kinds of capital, which are bound up in housing, assets, have very different functions to capital which is invested by companies or directly by investors. And they're arguing for a more refined approach to capital investment, how would you respond to those sorts of questions?

PIKETTY: What I really tried to do in my book is to develop a multi-dimensional approach to capital ownership and wealth, and this is why the book is so long to a large extent. In chapter three, four, five, six of the book, and overall it's like 200 or 250 pages long are exactly about the history of these different forms of ownerships and I indeed show that the history of real estate assets is very important and is different from the history of agricultural land, which is different from the story of public debt, which is different from the history of slave capital, which is different from foreign investment, which is different from--, so all these different forms of assets involve specific compromise, specific institutional and legal forces, specific bargaining between owners and workers. So I really tried to do it as much as I can because to me that's absolutely central to understand what's going on. So in particular, it's a very big part of what's happening in many countries in recent detail

when you look at the evolution of the aggregate value of assets compared to income. Energy is also very important, plays a very big role and I talk about oil in the book quite a lot in different places. And now immaterial capital, intellectual capital, also matter a lot. In the future it could become a form of property and a form of assets, it becomes increasingly important, and for the time being the more important capital intensive sector, much more traditional sectors like housing or energy, but in the future that will become very important. So yeah, I fully agree.

Q: I like the way you broke down capital in its different forms, and particularly bringing out the importance of housing wealth in contemporary times because if you're thinking about emerging forms of political conflict it seems to be around housing and urban space, it's extremely important and you're actually bringing that back. There's been so much fixation on labour struggles, which are important, but in a way bringing housing back into it is crucial too. Similarly the potential of thinking about the urban, because a lot of housing wealth is tied up in urban property rather than rural property. And going back to what we were saying earlier about how the new elite is different from the old elite, so I would say one of the difference too is the old elite was predominantly an agrarian rural elite, although they would often have townhouses too, but their power and wealth was based in the countryside. Whereas the elite today is much more of an urban class. That's a really important shift change, and I think your work really underscores that.

PIKETTY: Yeah, that's perfectly right if you compare to the early 19th Century or 18th Century. If you compare to Belle Époque, a big part of it is already in the city but with a concentration of housing property. In Paris until World War One, basically the cadastre does not allow you to own apartments, you either own the entire building or you don't own anything, which gives you a sense of the relation, the social relation that comes with property. Basically in Paris in 1913, 70% of the population will die with zero wealth, where they just have their sheets and a few little plates and a few little furniture and they basically die with sometimes not even enough to pay for their funeral like Pere Goriod in 1820. So one century has passed but in 1913 you still have 70% of the population in Paris who dies with no wealth. And then you have one per cent of the population who dies with 70% of the wealth. And I was seeing it's not impossible... to have foreign investment or foreign financial assets, but if you look at the consumption of housing today in London, you will see the big properties that are bought by billionaires in London, it's not the same as in 1913 Paris but well anyway, it would be a mistake to forget...

Q: One of the interesting things to me is the success of your book, which has I imagine done better than you thought it would do and it's had bigger impact. I've been thinking about why that might be and obviously there's a lot of reasons including the fact that equality is such a big and powerful issue and it will become more so. But I also think there's a certain model of how you might do accessible social science in the book, which is very interesting. I don't know if you know the book the *Spirit Level*, which also sold lots of

copies and was very popular, and it is a bit similar to yours. It seems to me the public like data, they're less keen on theorists these days, i.e. people telling them how the world is. They quite like big books with graphs that you can work through, and this is partly the challenge of 'big data' and the sense of crowdsourcing and the potential that has, but also the issue is how do you make a crisp story out of big data or complex data? In the *Spirit Level*, Pickett and Wilkinson did that in terms of arguments about how in an unequal society everyone suffers and also using similar kind of graphs time and again. You do it partly through your U shape figures, which appear time and time again in the book, and partly through your formula, R is greater than G , which again, even if you're not an economist you get a sense of what you mean there. I think that's a really interesting model about how you do popular social science, which is not to provide abstract theories of it but to provide data but then find some ways of giving a straightforward handle to the data. Which leads me to ask about the R is greater than G formula, 'cause in a way one of the interesting features about your book and your work is you emphasise a lot of the time the importance of political institutions and everything varies according to the context, but you also do talk about fundamental laws of capitalism, such as R is greater than G , and I wonder what is the status of that formula in your work, in your thinking?

PIKETTY: To me this formula describes a political relation, in the sense that both R and G are politically and socially determined and they don't come from any abstract law. Maybe I should have been clearer about this. But for me it's clear that the rate of return depends on the social arrangement and the institutions regulating the relation between owners and workers. It's the same for the growth rate also. There's nothing natural in growth, it depends on the institutions in which you organise, I don't know, science, invention, through which you organise fertility and the family strategies and all of this. These two macro parameters - R and G - summarise lots of institutions and millions of individual behaviour and strategic choices and so there's nothing natural in there. I just think it's a useful way to highlight an interesting social relation. All these concepts, rate of return, growth rate, saving rate, capital income ratio, all of these are social constructions, which are historically determined. The very notion of capital income versus labour income, it's very abstract because in the real world there's always some labour income into the capital income and some capital income into the labour. And across centuries you see owners of capital who keep telling you that it takes a lot of labour to be a good owner, even the landowners in the 19th Century they are saying "Well if I'm not there to look after the peasants and tell them what to do with the land, what would happen to the land?" So that's labour, that's not capital. And sometimes they are right, well sometimes they are a bit self-serving as usual. The very notion of capital and labour are just abstract notions because the real world relation between humans are multi-dimensional, infinitely complex and there's no such thing as a pure property relation as compared to a pure labour relation or pure sentimental relation. Everything is political, sentimental, everything, it's all a matter of degree and all a matter of inter-relation. So the notion of a growth rate, there is nothing more abstract than the notion of a growth rate because the real world again is multi dimensional. When you multiply GDP by ten it's not that you're all going to consume ten kilos of carrots per bags of one kilo, you're going to diversify what you consume, which

means that you're going to diversify your way of life, you're going to have access to education, to health, to transportation, to culture, and not just to food. So when we summarise everything with one number, the growth rate or the rate of return it's so abstract. So I think it's useful only if one keeps a lot of distance with this concept. And I tried to do it in my book. I tried to say, look, this kind of language is useful only if we admit that this is a socially constructed, historically constructed categories and statistical categories. Only orders of magnitude are relevant, exact numbers are always a bit misleading. And also this is just one form of language, which together with completely different form of expression, more literary expressions can contribute to reshape our understanding of the world.

Q: That's very helpful. To go back to this issue of how the new inequality is different from - though also similar to - the inequality of the Belle Époque.- one of the differences is that in that period there was a massive rise of socialist politics and there was more overt opposition to capitalism and accumulation of wealth and demands for welfare state and welfare services. You might argue that the last 20 years have not seen those equivalent political movements against capitalism - as we've seen in more recent elections in Britain, but also more broadly - Greece I guess is an interesting counter example. Where are the political contradictions or tensions to go alongside the contradictions or tensions around the accumulation of inequality? Is there going to be a movement against this wealth accumulation or how do you see it?

PIKETTY: Yeah, there are different ways to analyse this contradiction. One way is to say, well the rise of welfare capitalism only happened after the war, after the Bolshevik revolution, after the big shocks of the 20th Century, and until 1914 the elite sort of managed to refuse changes. I think that's partly correct. It's not entirely correct but it's partly correct. There are many of the social movements of the late 19th Century, early 20th Century without these violent shocks maybe would not have obtained so much. The other explanation for this contradiction is of course today even if we see a return of some form of inequality and wealth, which resembles some of the Belle Époque, average living standards, average access to social services, allocation is just much better than a century ago. So there's been a lot of progress, which maybe is not up to expectations, certainly not up to what could be done in principle, but still you have progress, which makes a big difference. And finally I think the main characteristic of the new and new forms of inequality that we have today, the capacity of the elite to try to give a meaning and to give justification to this inequality regime, has grown a lot. The imagination of the elite to justify inequality is endless, particularly in the US. Maybe the difference between the US and Europe is that in Europe we associate extreme inequality to the societies of the past, either belle époque or ancien régime, and we don't see that as good. We see this of the past and this was not so useful, and this inequality was reduced tremendously during the 20th Century and this did not prevent growth from happening. So even Thatcher and Cameron don't want to return to the world of 1910 or to the House of Lords of the 19th Century. Whereas in the US they've never had, except of course in a very special way under

slavery, they've never had any experience with kind of extreme inequality regimes that we had in Europe. So I think maybe this makes them less immune to the kind of self-promoting discourse of the elite that wants to justify inequality, and that are able sometimes to actually stigmatise the losers and the poor as being so undeserving that they should just not complain and they should just take it. And I think in Europe today we have this very high inequality past, which we don't want to return. But at the same time, with the legal regime promoted by the European Union, we tend to put hope in the forces of competition and the forces of competition between individuals, between social groups, between regions, between countries, we put hope in force of competition to an extent which I think is well beyond any reasonable hope we can put in competition. And this is becoming sometime completely crazy.

Q: Yes, and one thing too, which I think might be relevant is the question of social class. My background's partly in history, and my PhD was looking at the development of working class politics in the early 20th Century - so those questions about politics and how you can test inequality was linked into questions about which class do you belong to, working class, feeling you belong to the working class – as with E P Thompson and all those debates about labour history. You might argue, and indeed it might be seen to be coming from your book in a way, that those kind of class boundaries are now much less easy to draw because – well it never was straightforward to differentiate the middle and the working class but you could do it. But now because of the multi-dimensional nature of wealth means the boundaries are much less direct. So in London, the classic case, you can be unemployed or you can be casually employed and quite possibly you have quite an expensive house if you've inherited it. And so different sources of capital can create complex class positions, which aren't easy to bundle into 'working class' or 'middle class' or 'upper class'. And insofar as that's true, that arguably makes it more difficult for political parties to kind of mobilise on the basis of classes. I wonder, you used the class concept a bit in your book, but my sense is that you don't think it's that important. Would that be how you see it?

PIKETTY: No, I think it's important. So in the book I use a lot this notion of income and wealth deciles in order to describe the different social groups. So typically I distinguish between the bottom half of the distribution with the top ten and the middle 40, which I call the middle class. Then in addition to the three groups--, well first the three groups are not the same for the distribution of income, the distribution of wealth, so in fact you have nine groups if you want. And in fact within the top ten you want at least to distinguish the top four and then the top 1 and within the top one maybe the top 0.1. So you easily get 15 or 20 groups. Now, is this the right way to look at class? I'm not saying you should replace the language of the bourgeoisie and the proletariat with this language of cross decile distribution. But I think this provides a meaningful way to look, at the same time to recognise the multi dimensionality and the porosity of the fact that it's a continuous class structure, and at the same time to recognise that yes, classes do exist, in the sense that the magnitude of the difference between what the bottom 50 per cent owns and the top ten

per cent owns. In the end, the very notion of capital or wealth is a very abstract notion for half of the population because wealth for them means they have a checking account with maybe one month or two months in advance at most. So the very idea of property--, so at some point there is a quantitative difference in wealth shares, income shares become meaningful in terms of social differences in terms of status and in terms of access to a number of basic goods and capabilities. And so I think it's important to sort of renew the approach to class. The advantage of this language of deciles of course is you can compare societies, which are otherwise incomparable. So it's a little bit the same thing as with R and G etc., to some extent it's an illusion, it's an illusion of comparability because in the end, what's comparable between one percent in France in 1879 and the one percent in China today or the US today, these are just completely different worlds. And still I think this illusion is not entirely an illusion, I think it's useful because it provides a form of language, which people can make correspondence, can compare societies and learn from this comparison and sometimes realise that the world in which we live is not quite the one we think it is. I think that's, yes, to me that's one way to try to renew an approach to social class.

Q: Good, I want to push you one final time on the politics side. You're obviously well known for your work with the Socialist party in France, but it might be said that the socialist idea - socialist politics - has to be rethought in such a radical way that the term's almost meaningless anymore. Obviously we had the example of the whole 'third way' project, the new labour project and such like. How do you see socialist politics having a future? Do you still feel committed to that banner of socialism, and if so what kind of socialism would it be?

PIKETTY: I've never been a member of any political party and I don't know whether I will be one, maybe not. I guess the way I view my own thinking about this is I was born in 1971, I turned 18 with the fall of the Berlin Wall. So I was born far too late to be tempted by communism or at least Soviet type communism. And I guess one of the big questions I've tried to pursue since I turn 18 and I became adult is to try to think of sort of new ways to go beyond laissez faire capitalism that would prevent us from the kind of mistakes that we have made in the past. The fall of the Berlin Wall led us into a new wave of unlimited phase into a self-regulated market, competitive forces, private property and I think we need really to rethink the way to make private property and capitalism the slave of democracy rather than the opposite. So to me, all the different ways to go beyond private property, to regulate private property are necessary and complementary. Sometimes very radical thinkers, they don't want to hear about progressive taxation because they say, "Well, it's just redistribution, it's not deep enough." But to me, if you think the progressive tax on capital, I think if the tax rate is sufficiently high and very large property holdings, it's quite a deep questioning of property rights because in a way that's a way to make property a temporary rather than a permanent attribute. If you have £1 billion in property and you have to repay five or ten per cent each year, in effect you have to return five or ten per cent each year to the rest of society, in a way this is saying, well you are the owner but you

are not really the owner, you return to society, for example. And in any case I certainly don't think this is the end of the story, I think this is very much complementary because progress in taxation can bring financial transparency and transparency about who owns what in companies, this goes very well together with other forms of more democratic regulations of property including worker ownership, including cooperative ownership, including moral rights and decision rights for workers. I think we also need public property in some sectors, so you know, public property, more cooperative worker property and progressive taxation of property, I think all these different ways to regulate property have a future. And if you look at the new sectors that are going to become more and more important in the future, which are not automobile production, the number of workers in automobile production is not going to grow in the future. So if you think of the other sectors, the education sectors, the culture sectors, the media, information production, all the knowledge economy in general. The view that the shareholder company with all powers to shareholders is the only way to organise human activity. I think it's wrong in general but it's particularly wrong in these sectors. Even in the US if the universities or newspapers will try to be publicly traded companies and to go to a stock market, it was a disaster and they all escaped from there very quickly. So I'm not saying the way Harvard University or the *New York Times* organises is the best way but still it's different form of properties and the shareholder company, and there are new forms of property to invent. So I think we have to invent some sort of new radical thinking about property relations and the failure of socialism, in particular the failure of the Soviet Union, it's not the end of the thinking, it's the beginning of the thinking. For me, this is well beyond us.

Q: Just a couple more questions. One of them goes back to what you said at the beginning, about how your new work is trying to develop--, increase the range of your data in different and emerging countries. I wanted to ask you a bit about how you see your work linked into debates about globalisation because as you know, there's a big debate in social sciences about methodological nationalism and whether we need to move beyond analyses which are premised on the nation state as being the core unit of analysis. On one level you could say your work is kind of nationalist in that you collect national level databases and you compare them, so in this way you use a national frame of reference. But then of course on another level you might argue that you are looking at transfers between countries and capital movements. How do you position your own thinking in terms of those debates about how far globalisation requires us to develop new sorts of research repertoires, which go beyond the nation state or the national?

PIKETTY: Yeah, I definitely want to do more in the future along these lines and in particular in terms of changing the geographical scale at which we look at issues. So I do a little bit of that in the book in the sense that I stress the international inequality and the international property relations are probably the most violent inequality relation. Certainly at the times of colonialization by Britain and France where in effect a big part of the rest of the world was being owned and was sending capital income transfer to Britain and France, and they were so large that Britain and France could afford having a permanent trade

deficit. And at the same time they kept buying the rest of the world. And this is a form of very violent relation. Of course property relations are always very violent, it's always complicated to pay your rent to your owner, but when it's a country paying rent to another country, it's something else. In the textbook of economics that's supposed to be harmonious and mutually beneficial, but in the real world this all comes with political domination, otherwise you get expropriated pretty soon. So I think this can happen again in the future and to some extent this is already happening again with different countries being owner and being owned, so that's an important part of what I want to study more in the future. The other dimension is to change the scale - should we look just at the nation state or should we look at the inequality in the city of London, the city of Paris, the city of New York, or should we look at inequality in Europe or inequality in the Middle East as opposed to Egypt or Saudi Arabia? And I had a recent paper where for instance we tried to measure inequality if we take the Middle East as opposed to Egypt to Iran, because many people after the revolution in Arab countries say, "Well according to official inequality measures there's not that much inequality in this country, so what are they complaining about?" And one response is, well first the data is not so good so we don't really know, and next, even if we take as given the domestic measures of inequality for Egypt and Saudi Arabia, if we just aggregate them at the level of the Middle East, inequality between countries is so large between the oil rich country and the non oil rich countries that--, and if you take all citizens or say all adult individuals living in the Middle East, the share of total income between top ten per cent is maybe over 60%, which is more than in Brazil, which is more than in South Africa, and makes the Middle East look like the most unequal region of the world because of oil of course. And probably without the military protection of the West, the oil would have been distributed a long time ago. And so that's one way of trying to see the borders between nation states sometimes come from arbitrary decision by other countries to protect the view of their interests at one point in time, for instance putting the oil in small territories with no population, I don't know, this is interesting in the long run. But in this case, its frontiers are being redrawn, for instance right now. Consider the case of Europe. A big part of the capital stock in many Eastern European countries in effect is owned by either German owners or owners from different countries, so if you look at inequality, looking at Slovakia, Croatia, Hungary, Poland together with Germany, you can have a different picture of inequality than if you just take Germany or Austria or France as the basic unit. So changing the spatial unit of analysis to studying inequality like this is definitely something I want to do more in the future.

Q: I'm thinking about how your kind of analysis would handle somewhere like London. The reports say two thirds of the prime real estate buying in London is by non-British people who are parking their wealth in the city. So in your analysis will that wealth be attributed to the UK, or will it be attributed to the kind of nation, which the investor is coming from?

PIKETTY: Yeah, well in the formal definitions and statistical categories that I look at, it's all modern statistical frameworks are based on residence. So residence is supposed to be

the place you spend more than six months, so in principle, if a part of real estate London is owned by people who don't spend more than six months in Britain then that's included in foreign wealth - back to the countries where they live. Now that's the theory. In practise, a big part of this wealth is just missing from the data that we have, and generally speaking our ability to measure across border asset position today is very limited and that's a big problem, yeah.

Q: So obviously we're delighted that you're going to be working part time at the LSEs International Inequality Institute. It would be interesting for readers to know a bit about your experience at the LSE as a student, 'cause you did a PhD, how you found the institution and what the more positive features were?

PIKETTY: Yes, I spent basically two full years at LSE between I guess September 1991 and June 1993, so academic years '91-'92, and 92-93, and this was within the European doctoral programme in economics, which was a joint programme between EHESS in Paris, which is one of the funding institutions of the Paris School of Economics, together with Ecole Normale Supérieure. In France the social science tradition at EHESS is stronger in history, in sociology, in anthropology, with Braudel, Bourdieu, Levi-Strauss. At ENS there is a strong tradition in mathematics, in philosophy. In contrast economics has a weaker tradition in France. So going to LSE for me was great and I really had a great time. So I was supposed to be there for just a year as an exchange student in '91-'92, but I liked it so much that I stayed for another year. And I couldn't stay any longer because I had an offer to join MIT as an assistant professor in the middle of my second year at LSE. The really great thing at LSE at the time compared to Paris is that there was much more emphasis on PhD student presentation, you're encouraged to present very early your work, you present several times each year and it was just an atmosphere of very dynamic research, which I enjoyed a lot, which I guess in France at the time was not so developed.

Q: Were there any ideas, which you developed in your book at that time or were you a very different thinker?

PIKETTY: Well, I was already interested in inequality dynamics at the time. At the time Tony Atkinson was at LSE so I spent some time talking with Tony Atkinson, this is where I met Tony Atkinson. Later on we worked a lot together on historical data collection. But at that time I was doing more theoretical work, but Tony is also a very good theorist so I got advice from him. Initially one of the reasons that got me going to LSE was to work with Morishima but then when I arrived that he had retired so I had to change my plan. Then I was hired at MIT, so I moved to Boston in September '93 otherwise I would probably have stayed at LSE a bit more. And then I returned to France in 1995 after just two years as an assistant professor at MIT, partly for personal reasons, and partly because I wanted to be

closer to historical school or sociological school in Paris. And so yeah, I'm very glad to renew a more permanent link with LSE.

Q: Yeah, do you have any hopes as to how the Institute might develop and ideas about what you hope from it or are you just seeing how things develop in the next few years?

PIKETTY: I'm looking forward to participate in this development and to be there the next year, to learn more about the centre. What makes me really attracted, very strongly attracted to the centre is first my strong attachment to LSE but also the very intense interdisciplinary nature of the centre. I really believe that to do good work on inequality and the structure of inequality and social class we need an interdisciplinary approach by sociologists, lawyers, historians, anthropologists, economics and I think LSE is probably one of the best places in the world to do that. Part of my motivation is really to develop permanent collaboration between Paris and London, and between the London School of Economics and the Paris School of Economics, which is itself a joint venture of EHESS and Ecole Normale Superieure which have very strong place in maths, philosophy, history, anthropology, but probably less strong in historical economics or even sociologies than LSE, or geography. But I think Paris and London are so close now, two hours by Eurostar..

Q: Do you see it partly about trying to get European social scientists to kind of contest some of the more American models, or is that too grand a way of thinking about it?

PIKETTY: Well, certainly I think we need, generally speaking, a multi-polar world, I think both in politics, economics and in intellectual life and in academic life. So I think I love the US, I love US universities but I think a situation where 90% or 80% of the world's best university or research centre will be in the US will not be a good world. I think we need in Europe to have very strong centres of excellence, in Asia as well, in Africa. So I believe in this, so I feel very European and to me Paris and London are sort of two very important cities and components of Europe, and yeah, I'm very excited to contribute to this joint London and Paris adventure.