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[IN CONVERSATION](#)

Thomas Piketty Knew This Was Coming  
[IN CONVERSATION](#) APR. 27, 2020

# The scholar of inequality warned us that our economic systems couldn't withstand a global catastrophe.

By [David Wallace-Wells](#) Photograph by [Pari Dukovic](#)

Photo: Pari Dukovic

If Bernie Sanders is the politician Occupy Wall Street dreamed of, Thomas Piketty is the closest thing we've gotten to the great theoretician of our era of inequality (and the populism and political dysfunction it has produced). *Capital in the Twenty-First Century*, which came out in France in 2013 and in the U.S. six months later, was the biggest best seller Harvard University Press had ever published (despite being nearly 700 dense pages long); it managed to smuggle an abstract equation into quasi-pop discourse ( $r > g$ , Piketty's shorthand for the fact that the returns to capital have been greater than the growth of the economy as a whole) and is now the subject of a surprisingly light [documentary](#) of the same name (in which Piketty stars). It's not every day an academic economist gets a turn like this. Back in 2014, former Treasury secretary Larry Summers called Piketty a "rock star," then spent most of the rest of the decade arguing with him.

If *Capital* was diagnostic, Piketty's follow-up, *Capital and Ideology*, mixes history and polemic — case studies from modern Sweden and Soviet Russia alongside a genuine political program to help mitigate, at least, the cruelest

inequities highlighted in his first book. It was published on March 10, just as the coronavirus crisis was reaching a full blaze, offering all its own lessons, all over the world, in pandemic inequality.

**Where are you? That apartment looks like it's in Paris.**

Yeah, I'm in Paris right now.

**What's it like there?**

I've been here with my wife, Julia, for the past six consecutive weeks. We have a pretty nice apartment, so we're not people who are suffering from this. The people who are suffering are people in small apartments, people who have to go and work.

**The U.S. media is so focused on the American experience, it almost makes it feel like the rest of the world isn't going through the same thing.**

We stay at home most of the time, so we really don't see much. When we go and walk around in the city, we don't see so many people, but we see a lot of homeless who have, of course, no place to go, and they clearly have fewer people than usual to give them money so they're really asking a lot. There are some places where there is some distribution of food going on, but basically it's like in this stupid end-of-the-world movie where the normal people have disappeared and all you have left are the homeless.

**It's strange here, too. Those of us in effective quarantine, we're sort of living in two realities at once — a frozen domestic experience in which we spend a lot of our time just trying to catch up with an accelerating reality we can follow only on our phones and televisions. And the world I do see on that screen is terrifying. But I also find myself thinking about the incredible solidarity being demonstrated in this lockdown. Is any part of you encouraged by this response?**

I'm not so sure I would say that. People care about each other and are happy to celebrate the caregivers, that's true. At 8 p.m. in Paris, we have this little ritual, but in the end, what we see with this crisis is in many ways the violence of inequality. The unemployment-benefit system in France

France's *chômage*

*partiel* system provides funding for employers to keep paying furloughed workers at 70 to 100 percent

of their net salary during exceptional circumstances such as a pandemic. has been extended, but

this is basically for people who are on regular permanent contracts. If you are

on an Uber-type delivery contract or self-entrepreneur, you have very little income support.

Many of these people just have to go and work. They could get sick. The area of Paris that is the most strongly hit is Seine-Saint-Denis, which is north of Paris and by far the poorest suburb. Typically lots of people who work in supermarkets or in delivery jobs or whatever. Also, of course, being locked down in a very small apartment with five people or ten people is completely different from being locked down in a place like this. And you have a big part of the Paris population that has gone to the countryside.

### **Everywhere you look — inequalities.**

In the rest of the world, in India or in West Africa, for instance, I'm very concerned. There, the way the lockdown has been designed is that in practice it's mostly a way to get rid of the migrants and rural population working in the cities, who are just pushed out. In some cases, it led to huge mass movement of population going back to the countryside, which doesn't seem to be the best way to avoid the spread of the virus. When you don't have a proper safety-net system, income system, the violence of inequality is very clear. At the same time, yes, you are right that people feel there is a collective political will to take control of our destiny and take control of economic forces and markets. It's a complex mixture.

**We've heard about Denmark covering 75 percent of unemployed workers' salaries. When you look around the spectrum of responses, from the American response to the French, British, or Danish response, who is doing the best there?**

Well, it's difficult to say. But certainly the U.S. is probably doing the worst.

**It sounds like you're saying that essentially no nation has done what you would consider a satisfactory job so far.**

In every country, there are gaps in protection, big gaps. The most extreme case is all the homeless people and illegal immigrants. Some countries in Europe really have tried to correct for these, at least on a temporary basis. Like Portugal, where they introduced a temporary regularization of all illegal immigrants until the summer, so at least they have access to basic services.

**In the U.S., a lot of media attention has focused on what I think are quite small-scale protests**

Many recent protests calling for the end of coronavirus

shelter-in-place orders and the reopening of the economy have been tied to organizations such as

the Betsy DeVos–linked Michigan Freedom Fund, the Mercer-funded Convention of States, the

Koch-backed PR firm In Pursuit Of, and a Wisconsin law firm that counts President Trump as a

client. **against the shutdowns. Given the story of the *gilets***

***jaunes***, *France’s grassroots “yellow vest” movement emerged in late 2018 to protest*

*President Macron’s proposed fuel-tax increase. The movement saw it as disproportionately*

*burdening the middle and working classes with the costs of a green transition, even as Macron*

*cut taxes on the wealthy. Weekly yellow-vest demonstrations were still being held at the start of*

*France’s lockdown in March.*

**do you fear that might happen in France?**

So far, we don’t see this kind of protest, but of course I think the government is going to be very careful not to go too far in terms of how long the lockdown continues. Again, the people who are most in need, they can’t afford really protesting. They just need to work and get money and get food.

**These are issues you’ve raised for a while — the continued impoverishment of the poor and the enrichment of the wealthy, with a widening chasm between them. How do you see the pandemic changing those long-term trajectories? Does it have the potential to change things dramatically?**

I can see so many other trajectories where it does not. I think there will be a shift toward more social transfer

A government payment given without direct exchange

for goods or services, usually in the form of wealth-redistribution programs such as welfare, social security,

financial aid, or other subsidies.

and more investment in public-health care, and

probably a more comprehensive safety net because more people will realize how useful this is. But then there could also be a shift toward more what I described in my book as a social nationalism — a richer sort of social policy but restricted to a particular group of people that you feel are like you or that certain politicians want to describe as like you.

Whether this could reinforce socialism or nationalism, just to take two broad possible outcomes, is very unclear at this stage. There’s a possibility that, in fact, after the crisis, we go back to business as usual in terms of how we organize the economy, together with the strengthening of nationalist ideology, and we turn to strengthening the borders and strengthening the identity conflict. I think it’s a serious risk.

**Broadly speaking, “social nationalism” is the approach of Boris Johnson and, at least during his first campaign, of Donald Trump here. When I look at the U.K., it seems to me that Johnson has managed to do well politically by moving his party somewhat to the left on economics while embracing right-wing nationalism. The polling suggests that combination has been quite popular. And in the U.S., I think you see something similar in the primary between Bernie Sanders and Joe Biden. In both cases, a moderate centrist or conservative figure triumphed over a clearer presentation of left-wing principles. I wonder how you assess those two races and how problematic you see the results for your own goals, since Jeremy Corbyn and Sanders both lost.**

I’m trying to contribute to the thinking about what kind of economic and social model we want to have in the long run. I’m not too concerned with the specifics of each country. Corbyn and Sanders, there were lots of problems with them for different reasons in both cases.

**They’re not perfect spokespeople, you mean.**

Yeah. They’re not supposed to be perfect spokesmen in any way, and in particular, it’s clear that Corbyn did not manage to send a message of transformation of Europe. But what you’re saying about Johnson is interesting. In some way, what Trump tried to put in the new version of the NAFTA treaty,

The updated NAFTA, known as USMCA, requires that, by 2023, **40 to 45 percent of**

**automobile parts be produced by workers making at least \$16**

**an hour.** although it’s mostly gesticulation, there is some interesting

potential. The idea that you want a certain fraction of the production to be paid under a certain level of minimum wage, basically to put some discussion about wages in a trade agreement, is not necessarily stupid. I remember talking to friends, economists, academics in the U.S. They didn’t want even to hear a discussion about this kind of thing.

In the case of Trump, the way he did it, you sense that he just wanted to make a point. It’s actually not well done at all. Most important, as we all know, when it comes to real money, [Trump’s] policy choice was to have a huge tax cut. We’ll see with Johnson, but I think when things go back to normal, he’ll do the same. You can always try to pretend, by going for more public debt and more public deficit, that you can do social policy without progressive taxation. At some point, though, you have to pay for what you do.

### **What happens if the pandemic gets big enough that it's not possible to respond without just generating massive debt?**

We'll see. The response by governments at this stage is insufficient even in Europe, but if you look at what we know from the Spanish flu of 1918, there has been some study looking at the death rate by country, and the numbers are really incredible. The average mortality rate in the U.S. or Europe was between 0.5 and one percent of the population, which is already an awful amount, but in India it was 5 percent, in Indonesia or South Africa it was also high. Applied to today's population, there will be hundreds of millions of people killed at the world level. Nobody knows whether we'll go so far, but I'm very concerned about lockdown policies in India, in Africa, where there isn't a proper safety net.

### **What can be done about that?**

What rich countries can do is first postpone poor countries' debt. That's for sure. Also I think it's important to say very clearly that we need to go toward a system of financial transparency that will allow poor countries to collect taxes in a way that's equitable, acceptable. It's already very difficult for rich countries' governments to cope with financial opacity, but for poor countries, tax administration is impossible. How can you pay for a welfare state and a safety net if you're not able to develop an equitable tax system? I think there's a huge collective responsibility, and so far, I don't see the political move in this direction. So far, we are really concentrated on the lockdown.

### **To the extent that we're thinking about policy beyond that, it seems to me almost exclusively at the national level. There's very little talk about international issues.**

Very little. There's been some talk about debt relief for poor countries, but it was mostly the French president suggesting basically China should suspend the debt for Africa, so everybody's asking other people to make gifts. We just published a new study at the World Inequality Lab suggesting that France, Italy, Spain, and Belgium should move in the direction of corona bonds, a neutralization of the interest rate of the public debt — ideally, of course, with Germany and the Netherlands. I think you cannot wait for unanimity in order to move in this direction. Even a coalition of two or three countries is better than nothing at all.

### **The economist William Nordhaus recently proposed a similar approach to climate — ditching the U.N. and going to a WTO-model "climate club."**

I think we really need to rethink very deeply the very notion of

internationalism. It's very difficult today to say anything positive about internationalism. To most people, this has become a bad term.

### **What would rethinking it mean?**

The bottom line is that we cannot continue having free circulation of goods, services, capital without common taxation.

### **How would that work?**

I think any two countries or any group of countries who today have a trade agreement or an economic agreement with free capital flow, in effect we negotiate that we will not follow this treaty unless we have verifiable targets in terms of carbon emissions, economic justice, or minimum tax rates. I think the pure trade treaties are dead, basically. In the long run, nobody will want to have pure trade treaties without any common objectives in terms of sustainable and equitable development.

But short of that, nationalism is likely to win the day, especially among the middle class and lower socioeconomic groups. To me, the biggest risk in all of this discussion is that many people who have good intentions about the world and good intentions about the environment and world poverty don't sufficiently invest time to reappropriate economic and financial issues for citizens and, in the end, leave a small group of experts, government bureaucrats, and economists to design very conservative solutions.

**In your new book, you call your preferred approach to these issues “participatory socialism.”** What Piketty calls a “universalist egalitarian

perspective based on social ownership, education, and shared knowledge and power.”

The approach involves progressive taxation of wealth and capital endowments for all

citizens.

**What would a participatory socialist response to this crisis**

**be?**

Less inequality and more access to economic opportunities, economic participation, economic power, and participation in decision-making.

### **How?**

The bottom 50 percent of the population in the U.S. owns less than 2 percent of total wealth. It used to be 3 or 4 percent 20 years ago; now it's less than 2 percent. It's always been very small, in any case, but it's not going in the right direction. This has all sorts of bad consequences in terms of how you can plan your own life. These consequences are particularly clear at a time when you

don't have a job and basically when you have no wealth. You need to accept any job, any wage that comes, any working condition, because you have to eat, you have to feed your family. So this puts you in a very weak bargaining position vis-à-vis society in general and vis-à-vis your own life. So the question is: Is 2 percent of total wealth for the bottom 50 percent the best we can do? Or is it possible to think of another economic system, keeping the good aspects of the current system, but trying to do better?

The very basic idea of participatory socialism is to say, "Well, look, if we want to improve that, one way is to have a more progressive tax system. So lower tax on people who are trying to access properties. People who have a lot of debt should pay less taxes. And people who are not in debt should pay more taxes." What I'm proposing under the label of participatory socialism is to use the proceeds from this progressive tax to finance something. The people who now receive zero inheritance, who are basically the bottom 60 percent of population, will receive €120,000 or \$150,000. In order to pay for that, people who now receive \$1 million in inheritance would receive \$600,000 or \$650,000. So you will still have a lot of inequality between children — and if you want my opinion, I think we could go further than that — but this already will make a huge difference because this could put everybody roughly at the median wealth. Basically, it's an extension of what has been done in terms of progressive taxation.

The other big pillar of participatory socialism is to provide more opportunities for workers to participate in the governance of their companies through more voting rights in the boards of companies. There are many countries, including Germany, Sweden, very successful countries, where up to 50 percent of voting rights in the boards of large companies go to worker representatives. I think this should become the norm.

If this system were in place in the future, during a crisis like this one, you wouldn't see these poor people in the street searching for food, searching for work. The majority would be in a position to not have to accept everything. You can make plans. You can have better control over your own life. That's the purpose. It's much more than money. It's really more in terms of power about your own existence.

**The idea of voting power, that particular pillar was a big part of Elizabeth Warren's plan to remake the American economy. When you published your last book, you were already a public intellectual in France, but your status has been elevated since. You seem to be playing a more explicit policy role now. Have you had any direct**

**contact with the current wave of left-wing figures — Warren and Sanders in the U.S., Corbyn in England? What’s your role on the policy level with political leaders?**

I have exchanges with many of these people. With Warren, we organized a public debate back in 2014 in Boston. At the time, she was very cautious about the wealth tax. I was already advocating the wealth tax; we start the tax right on billionaires. I was saying between 5 and 10 percent per billionaire. And she was like, “Ooh.” And it’s interesting that four years later — well, actually she started with a lower tax rate on billionaires, only 3 percent, then Bernie came with 8 percent on billionaires and then she came to 6 percent, In

September, **Sanders proposed a wealth tax on millionaires and billionaires** that included a 5 percent tax

on wealth over \$1 billion and gradually increased to an 8 percent tax for \$10 billion and over. **Warren had**

**initially proposed a 3 percent tax for all wealth over \$1 billion** but in November upped it to 6 percent as

part of a revised tax package.

which maybe that was the problem. She looked sometimes as if she was sort of running behind Bernie, also on public health care.

I’m not saying they proposed that because I was proposing it to their staffs. These people, they don’t need me. There are many people in the U.S., in Britain, who have changed their mind about progressive taxation, about workers’ rights. We are not at the time of Tony Blair.

**It has been an amazing couple of decades in that respect. How do you see what’s happened in particular in the aftermath of the Great Recession — there was the explosion of concern over inequality, with Occupy and later Bernie, but there was also a bit of an explosion of inequality itself, in part because of the way that recovery was designed.**

Things could have turned out differently. In Europe, at the time of the great crisis, the German and French governments could have taken a different route, but in the end, they were more afraid of the extreme left than the extreme right. I think this was a mistake. And maybe today they realize that they should be more afraid of the extreme right than the extreme left, because at least the extreme left, even though they don’t always have a perfect plan or perfect solution, at least they are internationalists. With immigrants and the Greek Islands today, you can see the difference between an internationalism and nationalism. In 2015, Greece elected a leftist government that oversaw the arrival of over a million

new migrants in 2015 and 2016. Last year, a center-right government took power, and in March, it **suspended**

**all asylum applications and deployed its military to the Turkish border.** Several Greek islands have

seen a rise in xenophobia, and last month, a refugee center on Lesbos was burned down.

Leaders in the center right or center left should remember that and try to build coalitions.

But I guess today I'm maybe even more convinced than I was six or seven years ago that we really need to think about the next economic system. The 2008 financial crisis took the world by surprise at a time when we were still in the sort of free-market-competition mood of the 1990s and early 2000s. In a way, there was no real political-intellectual work to try to think of the next economic model. I think we've suffered from that.

***Capital in the Twenty-First Century* mostly covered material from before the financial crisis. You've devoted a fair amount of the new book to recent history.**

I guess my new book is ... first, I think it's much better than the previous one. For those who only read one of them, I think they should really read this one. I think it's much more lively, it's less technical, it covers many more countries and historical contexts. The previous book was too much Western centered, too much centered on the shock due to World War I, World War II, so much that many people interpret the first book in a fairly pessimistic manner, saying, "If you don't have this big world shock, you won't have any change," which was not really what I thought at the time. But maybe I did not express myself well.

**One of the main responses to the last book, at least among the American audience, was to treat  $r > g$  as though it were a law of nature that could be modified only very occasionally through exceptional political change. But actually, the fact that a rich person's bank account grows faster than the national GDP, that's just a phenomenon created by a particular political structure too. It's a creation of politics.**

It is. Probably I was not sufficiently clear about that. I must say in general I have learned a lot from all the discussion from my previous book. I have learned a lot by traveling to many countries to which I had not traveled sufficiently before. I think by broadening the scope of countries and historical trajectories I look at, it also made me realize this incredible diversity of human ideologies and human imagination to restructure all the time the societies. And that's probably the main lesson of history, that the idea that there is only one way and there is no alternative is just wrong.

**You heard that a lot starting in the 1990s and all through 2008:  
There's only one way.**

It's wrong.

**Since the crash, there has been a sort of acknowledgment from places like the IMF, World Bank, *Financial Times*, *The Economist*, all these voices of elite globalized neoliberalism saying, "Okay, there are some real problems here." But they still aren't thinking much about alternative models.**

If you look at how things happen, you'll see a potential for political mobilization and historical change through social and economic and political processes, which always happen much faster than what the dominant discourse tends to imagine.

**But of course it's also true that those people can help design the system and how it evolves, especially in the case of something like the Great Recession. How much did that recovery worsen inequality, in your view? A layman might look at the history and say, "It's those who have access to capital who can buy distressed assets, and, as a result, unless there is really dramatic intervention, it will always be the forces of capital that benefit from the crisis." Is that a fair read of how we emerged from the recession?**

You're right that the people at the top have done better once again than average. How do you explain this? I think it's because if you take the whole compact of fiscal, social, legal, competition policy, there has been insufficient change. In the end, probably the only lesson from the 1929 crisis both from the right and the left, if you look at economist Milton Friedman, monetary economists, everybody agreed that the Federal Reserve and the central banks in Europe made a huge mistake in the 1930s by letting banks fall one after the other. The only lesson from history in a way was "We are going to do whatever it takes, we are going to print whatever money needs to be printed, in order to save the financial sector." Indeed, it allowed us to avoid the worst, which is a complete fall in economic activity of the kind we had in the 1930s. It's good news in a way. We have learned something from history.

The problem, of course, is that we are not going to solve everything with central banks. There was nothing else, really, in store. What I'm a bit concerned with today is that even though there's a lot of motivation to address structural problems, in particular the climate crisis or today's pandemic crisis, I think there's insufficient thinking about how to change the economic rules, the organization of property relations in particular, how much private property we want. We need to take seriously the fact that the distribution of

the burden has to be discussed from a democratic viewpoint, has to be distributed across income groups. Sometimes, the climate activists, environmental activists, are so convinced that the No. 1 problem is the climate that they don't want to hear about anything that sounds like income or wages.

**Some climate activists think the solution is to shrink our economies. They call it “degrowth.”**

Which has to be discussed very precisely because then you need to be very careful about what exactly you are proposing to the bottom 50 percent in societies. I think it's possible to design a plan, but we have to be very careful. In France, we had the yellow-vest movement. The government said that it was going to raise the energy tax and carbon tax for the good of the climate, but then people realized that it was using the money to cut the wealth tax on the rich and then people went crazy. Now nobody wants to hear about carbon taxation anymore in France. This government basically destroyed the idea of carbon taxation in France at least for some time. We'll have to return to it because we know that's part of the solution.

If you don't do it in a way that comes with a very ambitious reduction of inequality and a very ambitious change in capitalist economic structure, this is counterproductive. Many people coming from the Green Party in France have been with Macron, have been elected members of Parliament with Macron, and voted to repeal the wealth tax. And I want to ask them, “Okay. Is this your plan? Is this what you have?” In Germany, there's a possibility that the Greens will govern with the so-called center right. I think the environmental movement has to think harder about what's economic doctrine.

**I agree. But I also think there's some basic confusion about the structural conditions we're working with. Since 2009, it seems the sort of conventional view of economists has moved quite a bit about deficit spending and debt. At what point should that level of deficit spending become worrying? Or is there a point? In the U.S., the stimulus for the pandemic has already been twice the size of the stimulus in 2009.**

I think we need to show the people in the U.S., in Europe, that central banks can do things for the people, broadly speaking, and not only to save banks. For instance, I will be very much in favor of using money creation to directly pay for some basic-income transfer in the middle of a recession, directly transfer to everybody. It could be 5 percent of GDP, it could be 10 percent of GDP. I think also people realize that, of course, this is not going to be the magic bullet to solve all problems. At some point, if you want to pay for a welfare state that

costs 40 or 50 percent of GDP each year, you have to have progressive taxation.

**My view is dominated by the American experience, but I see more aggressive movement by our central banks, which are operating at a further distance from the democratic impulses, than I do from the legislatures and governments, which are theoretically more responsive to democratic pressures. Why?**

It's easier to print money than to agree about new tax code, new labor law, new corporate governance. But in the end, there are limits to what you can do with this. Over the past ten years, we've been saving banks, but have we solved our problem with rising inequality, with global warming? No. If anything, all this money creation has contributed to enriching those who were already rich, has contributed to finance investment that has kept emitting huge quantities of carbon. Again, all that this money creation has done so far is to prevent a complete collapse of the financial system, but this is not setting the bar very high.

What this shows is that we should all be concerned about how we rewrite the system. Many people find this very boring, and I can tell you when you try to talk about the transformation and the democratization of European institutions, most people stop listening after five minutes. But it's very important because, if a majority could adopt a budget, could set a deficit, an investment plan, especially on the climate — European public opinion today, it's so much in favor of solving the climate crisis — if the parliament with a simple majority could decide to pay for an enormous investment plan, I think it would.

**There are many obstacles to dramatic change, including that one. But if it's truly the case that American GDP could fall by 30 percent this quarter,**

U.S. GDP is likely to be down 30 percent for April through June as a result of the coronavirus, according to a recent estimate by Morgan Stanley economists.

**and by who knows how much by the rest of the year, and those impacts are distributed around the globe, isn't that too big a shock not to remake the global economy?**

Yeah. I would not bet on that. Again, I believe in collective intelligence and collective mobilization. I think the more mobilization we have about how we want to change our economic system, the better. Just waiting for the crisis to become deeper and deeper is not going to solve anything. What's happening right now with this lockdown is terrible for many people. We should do first everything we can to limit the casualties. Right now, that's the biggest concern.

Then we should try to use this time to think about the economic system we want. I think this is an issue not only for economists or bankers or government officials. This is really an issue for everyone. We all really need to be concerned about how we're going to organize our public debt, our legal system, how we want to share power in corporations. All these are concrete and complicated issues, but these are issues in which we need to collectively make progress if we want to make this crisis a useful opportunity to change the world.

*Footnotes by Jack Denton*