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The Upshot

A DEBATE THAT DIVIDES

Fellow Economists Express Skepticism About Thomas Piketty

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The craze for the French heartthrob economist has been called Pikettymania. His research has been called “Nobel Prize-worthy,” and it was met by a rapturous reception among laureates like Robert Solow, Joseph Stiglitz and Paul Krugman.

He met Treasury Secretary Jack Lew for coffee, dropped by the president’s Council of Economic Advisers to dispense advice and lectured at the International Monetary Fund before sprinkling his economic pixie dust at the United Nations. He killed it on the “Colbert Report,” and T-shirts bearing his signature equation, “r>g,” are currently sold out on the show’s online store.

There’s no doubt that Thomas Piketty has reinvigorated the public debate about the causes of income inequality. But has he convinced his fellow economists?

They're intrigued, but not convinced. Perhaps Mr. Piketty has isolated the forces that will drive wealth inequality in the future, but for now, they're not convinced the forces he focuses on are central to understanding the recent rise in wealth inequality.

At least that's my reading of the latest survey run by the University of Chicago's Initiative on Global Markets. I've written before about their Economic Experts panel, which is intended to be broadly representative of opinion among elite academic economists. The panel includes liberal and conservative economists, and different subspecialties are represented, as are most of the nation's leading economics departments. The panel provides a useful barometer of the views of mainstream economists, although the voices of heterodox schools of thought — where Mr. Piketty is both more popular and more polarizing — are effectively excluded.

The expert economists were asked whether "the most powerful force pushing toward greater wealth inequality in the U.S. since the 1970s is the gap between the after-tax return on capital and the economic growth rate." To translate, does the T-shirt slogan "r>g" explain why wealth has become more unequally distributed?

Of 34 respondents, only Hilary Hoynes of the University of California, Berkeley, agreed with the claim. A further 18 percent of the economists were uncertain. The clear majority either disagreed (59 percent) or strongly disagreed (21 percent). (Those who "did not answer" or had "no opinion" were not counted in our percentages.)

But this isn't really a serious criticism of Mr. Piketty's scholarship. If surveyed, it is likely that he would have joined the majority view in disagreeing with the claim the survey asked about. In Mr. Piketty's telling, rising incomes among the super-rich are responsible for the recent rise in wealth inequality.

Indeed, one hears this directly in the response from his frequent collaborator Emmanuel Saez, who suggests that "income and savings inequality increases are now fueling U.S. wealth inequality." Equally, Mr.

Saez suggests that “down the road, r-g will be central as predicted by Piketty.” In other words, the beloved T-shirt theory is not an explanation of recent inequality trends, but rather the basis for his dire forecasts about rising wealth inequality in our future.

More telling, though, are the qualitative responses to the survey, which suggest that Mr. Piketty’s best seller, “Capital in the Twenty-First Century,” has yet to persuade a broad swath of his fellow economists. Some were unhappy with the underlying premises. David Autor, a leading inequality scholar based at M.I.T., said that it’s “not clear yet if wealth inequality has risen.”

For the United States at least, he said that “different data sources give different answers.” Yale’s William Nordhaus was unhappy with the idea that the rate of return to capital had risen (that’s the “r” in “r>g”), asking: “Is this an inside joke? B.E.A. estimates show little change in rate of return,” referring to the U.S. Bureau of Economic Analysis.

Other economists expressed frustration with Mr. Piketty’s theoretical framework. Barry Eichengreen, a Berkeley professor, stated that he did not “find r-g a particularly useful summary of anything,” adding that it “doesn’t really capture” the role of “technology, training, tax policy.”

The M.I.T. economist Daron Acemoglu, who has written extensively on both inequality and growth, concludes that he finds “the case that r-g is a major determinant of inequality or even top inequality” to be “weak.” His view was echoed by Caroline Hoxby, a leading education economist, who gave Mr. Piketty a low-letter grade because his “argument has poor theory and negligible empirics.”

Eric Maskin, a Nobel Prize-winning economic theorist, finds Mr. Piketty’s framework to be incomplete, arguing that “interest and growth rates are equilibrium phenomena — so even if they are important, there must be something deeper at work.”

And yet none of this adds up to a damning indictment of Mr. Piketty’s research program. The past 40 years can hardly be said to falsify a theory that suggests wealth inequality will grow. Growing inequality in the past few decades may be overdetermined, leaving little space for a new theory to penetrate. And perhaps it is no surprise that Mr. Piketty finds few fans in an intellectual marketplace populated by the exact group of mainstream economists he provocatively claims “know almost nothing about anything.” (Or perhaps I only find this claim to be provocative because I’m one of those mainstream economists.)

Mr. Piketty aims to paint on a much broader canvas, and the forces he isolates may be more relevant in other countries, and over a longer run of history. More important, his theories may yet prove to be critical to understanding whether inequality will continue to grow in the years ahead.

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