BILLIONAIRE TAXATION AND WEALTH REDISTRIBUTION: A PERSONAL VIEW

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Q: How do you think billionaire taxation relates to the wider debates about an ideal system for redistributing wealth?

Piketty: My general answer is that we need to go well beyond billionaire taxation. I'll outline some of what I propose in terms of a broader wealth tax schedule, with a top rate going up to 90%, and a full, progressive structure from bottom to top. We can talk about that, and you can tell me if you're convinced, or why you might disagree.

But before getting into that, let me first say that I believe a billionaire tax, such as the proposed 2% tax on billionaires, is a very useful and important first step. It's crucial not to stop there, though. We need to talk about what comes next, and that's really the focus of my work.

At the same time, I strongly disagree with those who dismiss proposals to tax the ultra-rich as demagogic or overly simplistic, saying it's too easy to just tax billionaires because they're so few and can not push back. I think Gabriel Zucman and Emmanuel Saez are absolutely right to push this idea. If you don't convince people that it's possible to tax the ultra-wealthy, you'll never get the political and public support needed to tax millionaires or multimillionaires.

This is critical. In the past, many wealth taxes, especially in France, but also elsewhere, have failed because they couldn't convince public opinion that billionaires were actually being taxed. The widespread perception was that wealth taxes hit the millionaires but spared the billionaires. That sense of unfairness really helped kill those initiatives. And of course, if you're not taxing the very top effectively, you're also reducing the potential tax revenue significantly.

So, starting there, building public trust and support for the idea that it's actually possible to target the ultra-wealthy (whether that means wealth above 50 million, 100 million, or 200 million euros), is incredibly important. Strictly speaking, the focus on billionaires is essential. So I fully support what Gabriel and Emmanuel have done, it's not cosmetic, as some critics say; it's a crucial step forward.

That said, we're not going to solve all of our problems, or build a sustainable and equitable 21st-century world, just by taxing billionaires. It's simply not enough money. It's a substantial amount, yes, but not sufficient on its own.

We need a much broader view of redistribution, one that looks at the full distribution of income and wealth. And beyond taxation, we need structural reforms to the international monetary and trade systems. These kinds of changes can often deliver

[1] This text is the written retranscription of an oral discussion which took place at the Paris School of Economics on April 9 2025 in the context of the "Taxing Billionaires" conference.

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redistribution on a far greater scale than taxation alone, and sometimes in ways that are more politically acceptable.

Right now, we’re seeing growing demands for changes in trade coming from the U.S. side. But similar demands could, and likely will, come from the Global South, calling for a different kind of trade regime. That’s why it’s so important to situate our discussion of global inequality in this wider context.

Q: In that sense, which policies do you think billionaire taxation is most closely related to in terms of redistribution? Aside from taxing billionaires, what could billionaire taxation then feed into?

Piketty: Let me describe this table for those who may not know it by heart, it comes from *Capital and Ideology* and is also published in *A Brief History of Equality*. It came out about five years ago, but I still very much stand by it.

The Circulation of Property and Progressive Taxation

Progressive tax on property (funding of the capital endowment allocated to each young adult)		
Multiple of average wealth	Annual tax on property (effective tax rate)	Tax on inheritances (effective tax rate)
0,5	0,1%	5%
2	1%	20%
5	2%	50%
10	5%	60%
100	10%	70%
1000	60%	80%
10000	90%	90%

Progressive tax on income (funding of basic income and social and ecological State)	
Multiple of average income	Effective tax rate (including social contributions and carbon tax)
0,5	10%
2	40%
5	50%
10	60%
100	70%
1000	80%
10000	90%

Interpretation. The proposed tax system includes a progressive tax on property (annual tax and inheritance tax) funding a capital endowment for all young adults and a progressive tax on income (including social contributions and progressive tax on carbon emissions) funding the basic income and the social and ecological State (health, education, pensions, unemployment, energy, etc.). This system favouring the circulation of property is one of the constituting elements of participatory socialism, together with a 50-50 split of voting rights among workers representatives and shareholders in corportations. **Note**: in the exemple given here, the progressive property tax raises about 5% of national income (allowing to fund a capital endowment of about 60% of average net wealth, to be allocated to each young adult at 25-year of age) and the progressive income tax about 45% of national income (allowing to fund an annual basic income of about 60% of after-tax income, costing about 5% of national income, and the social and ecological State for about 40% of national income). **Sources**: see piketty.pse.ens.fr/equality (table 2)

I'll say a few words about how my thinking has evolved, but if anything, it has moved even further toward redistribution, using additional tools. Of course, it's hard to go much beyond a 90% top rate, but as I’ve said, there are many other instruments, like structural reforms to the international monetary and trade systems, that I’ve been working on recently. So the direction is clearly toward more redistribution. The tax component remains as important as ever. It’s not enough on its own, but it is still crucial.

What I present here is a brief sketch of what I would describe as an ideal tax system. It’s just a snapshot, but it consists of two main pillars: an income tax and a wealth tax.

The income tax includes social contributions, with revenues funding pensions, health insurance, family benefits, and so on. It also includes what can be called a comprehensive income tax, as part of a broader system taxing both individuals and corporations. On top of that, there’s a progressive carbon tax, one that scales based on total emissions. Someone emitting 3 tons per year shouldn’t be taxed the same as someone emitting 20 or 100 tons. This should be fully integrated into the income tax system. So when I say "income tax," I mean it in a very broad sense.

The wealth tax is essentially a progressive property tax, but one that applies to all assets, your total net worth, without exemptions. It's very similar to the 2% billionaire tax we often discuss, but here the schedule ranges from 0 to 90%. How is that schedule calculated? For those unfamiliar, I'll quickly summarize based on the discussion in *Capital and Ideology* (including the book's online appendix).

This tax schedule was designed with several objectives in mind. The income tax part draws on historical experiences of highly progressive taxation, particularly in the U.S., where the top rate was between 80% and 90% for large parts of the 20th century, in particular during the 1930-1980 period. My work with colleagues like Emmanuel Saez has shown that this system functioned quite well. Theoretically, optimal tax models also suggest that under certain conditions, the top rate should reach those levels.

Still, I prefer the historical argument: this system was implemented for decades in major economies and proved effective. We can debate what "worked well" means, but I believe it did, and so, why not apply it again, more broadly?

For the wealth tax, such high rates have never been tried. In my view, such a steeply progressive wealth tax is one of the key innovations that we need for the 21st century, just like the steeply progressive income tax in the 20th century. The first objective here is simply to return to the levels of wealth concentration seen around 1980, both nationally and globally. With very high rates at the top, we could get there relatively quickly. Remember, in 2020 Bernie Sanders proposed a top wealth tax rate of 8–10%, already far more ambitious than the 2% billionaire tax often discussed.

But billionaire wealth is rising fast, 7%, 8%, even 9% per year. So a 2% tax clearly won't stabilize the concentration at the top. We all know it's perhaps a helpful first step, but it won't suffice. Even the 5–10% rates I advocated in *Capital in the 21st Century* ten years ago are just the baseline needed to stabilize the distribution.

So why go to 90%? Some might say, "Isn't 10%, 20% enough?" Well, it is true that at 90%, next year there might be nobody left at the very top. I'm open to negotiating lower rates, but the advantage of 90% is its clarity: if one individual, through sheer luck or systemic forces, ends up controlling 90% of the planet's value, you don't want to wait ten years to address that. You should act immediately. So even if the threshold is set at an extremely high level as a fraction of world GDP or world wealth, I think it is useful to have a 90% top wealth tax rate.

That's the clarity this proposal brings. And let me be clear: I know not everyone in the room will agree with it. I'd be very happy to respond to critiques. I certainly don't claim to have all the answers. My thinking on these issues has changed over the past 10 or 20 years, and I'm sure it will continue to evolve, thanks in part to discussions like this one.

I do think I'll keep moving toward more redistribution rather than less, but I'm open to persuasion. So I'm very interested in your perspectives.

Let me conclude by explaining the purpose of this progressive wealth tax. It raises about 5% of GDP per year, a significant amount. But it's not intended to fund the general budget. That remains the role of the income tax, which raises about 50% of national income and covers social security and other public services.

The wealth tax, by contrast, is meant to finance capital endowments for all. In France, for instance, this would translate into an inheritance for every citizen at age 25, about €120,000, or roughly 60% of average adult wealth. More generally, that's the idea: 60% of per adult wealth distributed to everyone.

And to be clear, this should complement, not replace, other pillars of the welfare state, basic income, free education, healthcare, and so on. The point is to boost everyone's bargaining power. Wealth is about much more than money, it changes power dynamics.

We talk a lot about taxing billionaires, but for most people, the goal isn't to become a billionaire, it's to have more control over their lives. If you have €100,000 or €200,000 instead of nothing, or just debt, that changes everything. It gives you leverage. You don't have to accept every job or every wage. You can negotiate. You might even buy a small home or start a business.

Employers may not like that. But that's precisely why *we* should. It shifts power. And while €120,000 might seem trivial to a billionaire, for most people it's life-changing.

Basic income is good. It helps ensure a floor. But it's not enough. It's too basic. You also need wealth to level the playing field.

In the long run, this kind of policy would not only create a more equal society but also a more dynamic and mobile one. How do I know that? Because we've seen it happen. Over the past century, the share of wealth held by the top 10–20% has fallen, and the middle 40%, what I call the *patrimonial middle class*, has gained.

A hundred years ago, they were nearly as poor as the bottom 50%. Now they hold 20%, 30%, even 40% of total wealth. That's real progress. They may not be rich, maybe they own a home or a small business, but they have some control over their lives. And that's what I argue for in *A Brief History of Equality*.

The next step is to extend this progress to the bottom 50%. Relying solely on growth and market forces hasn't been effective. We need to be more proactive. That's what this table and this proposal are all about.

Audience Question: First question, what is the impact on work effort and entrepreneurial effort? And secondly, would having very high tax rates push people into the informal economy? Not in the European sense, but in countries where wealth can be hidden quite easily, and fairly wealthy individuals can operate informally.

Thomas Piketty: When a country like the U.S. developed very progressive taxation in the 1930s, it was actually quite poor. If you look at U.S. productivity in the 1920s, measured in today's PPP euros per hour worked, it was actually lower than India's today. Our purchasing power parity estimates may not be perfect, but that's what you get with the latest data sources we have. That's interesting to keep in mind, because in many poorer countries today, especially among the elite, there's this argument: "We're too poor to do redistribution. Let's wait until we're as rich as the U.S., and then we'll redistribute."

I understand that reasoning, but historically, that's not how it worked. When countries like the U.S. or Sweden began redistributing in the 1920s and '30s, they were quite poor. Take Sweden, for example, it's now seen as a very advanced, egalitarian country. But until 1910–1920, it was a relatively poor, peripheral European country, and extremely unequal.

In my work, I discuss how incredibly unequal it was: only the top 20% of the population, just males, could vote. And within that 20%, voting power ranged from one to one hundred votes based on wealth. In municipal elections, there was no upper limit, so in some towns, one voter held more than 50% of the voting share. This was constitutional, legal, and even a point of pride, designed to protect property and ensure only "reasonable" people could decide.

If that setup existed in sub-Saharan Africa today, everyone would call it political corruption. But this was Sweden in 1910.

What happened next was massive discontent, labor union mobilization, and a strong Social Democratic movement. The Social Democratic Party, then a revolutionary force, won the election in 1932. They were reelected again and again and stayed in power for half a century, and basically they put the state capacity of the country to the service of a completely different political project.

They used the state's capacity to measure and register wealth and income not to protect voting rights for the wealthy, but to make the wealthy pay taxes to fund public education and healthcare. These services are not perfect, as we've seen with COVID, but far better than anything we had seen before.

This shift helped turn Sweden from one of the most unequal countries in Europe into one of the most egalitarian. We have excellent historical data on this incredibly unequal Swedish political system and how it was turned around (see in particular the work by Erik Bengtsson). At the same time, Sweden became far more productive and wealthy.

So, developing countries today could become much more productive with more inclusive social and educational systems.

Now, this is a long-term process. But to give a more concrete response to your question: one mistake in building state capacity around tax systems in many countries was failing to prioritize property registration.

Many countries tried to implement VAT or income taxes without first registering the businesses that existed. But without a proper cadastre, a public register of who owns what, you miss the foundation. This was the first form of taxation in the U.S., France, Sweden, and other European countries in the 19th century.

You start with a flat, non-progressive property tax. But it's a tax that requires registering every piece of property, real estate, business assets, shops, factories, land. It's not that complicated if done thoroughly. Once you know who owns what, you can ask businesses for accounts, profit reports, wage data, and eventually move toward VAT and income tax systems, and to progressive tax rates.

But if you skip that and jump straight to VAT or income tax, as many developing countries did in the 1950s–70s, you end up taxing just 3% of taxpayers. The rest are invisible to the administration. You're missing the whole picture.

So, to summarize: the issue of wealth and property registration is absolutely central. Even starting with very low, flat taxes, it's essential to build public knowledge about economic activity and actors. That's what allows you, gradually, to build a more comprehensive tax and social system.

Question from the audience: You mentioned the growth of the middle class over the years, and the fact that they now have a more comfortable share of the wealth. But what we want to do is obviously build the wealth of the bottom 50%. I'm curious to hear your views on how environmental or ecological limits come into this conversation, and the role of taxing the super-rich in supporting that shift. And secondly, I appreciated your comments as a political economist on

the issue of power and its relationship with wealth, the way the super-rich have control over society in many ways. What do you think needs to be done to address those more systemic risks, especially those that go beyond economics and touch on the issue of extreme wealth inequality?

Piketty: I'm very happy you asked this question, because I want to say very clearly: ecological challenges are going to make the reduction of inequality even more necessary and compelling than it would be otherwise. I don't think we can seriously address the ecological crisis and preserve a habitable planet in the 21st century with the current levels of wealth and income inequality.

There's a simple reason for that: nobody in the middle class, let alone those in the lower income groups, whether in the Global North or South, is going to accept making serious lifestyle changes if they see people at the top flying around in private jets and engaging in extravagant carbon-intensive behaviors while giving lessons to everyone else about what should be done.

At some point, that dissonance will provoke a reaction. We're already starting to see that, and it's even becoming the subject of literature. Take Kim Stanley Robinson, for example, and his novel *The Ministry for the Future*, which explores global reactions against the ultra-wealthy. That's one way to talk about it. But we can also look at it through the lens of social science, and we see similar patterns.

Think of the Yellow Vest protests in France a few years ago. The French government decided to raise carbon taxes to encourage people to reduce their carbon footprint. But at the same time, they were using the same amount of money they raised, about €10–15 billion, to repeal the wealth tax and cut progressive taxes on capital income. And then they tried to claim, "Well, it's not the same money, don't worry." But people aren't fools. If you treat them like fools, they'll react very badly. That was the worst example of ecological policy you could imagine. As a result, the carbon tax was repealed, and now no one in France dares to even mention the idea. So thanks to that government, we've lost a crucial tool for climate policy.

Why is that episode important? Because it shows just how deeply inequality and sustainability are intertwined. We're going to need ambitious redistribution, not only for fairness but because the ecological catastrophe is only going to get worse. I wish we'd act before it becomes catastrophic, but even if we don't, the scale of the crisis will eventually force change. It will become a powerful driver.

To end on a more hopeful note: I find it very interesting that some of the most vocal advocates for global justice today, environmental, social, and fiscal, are coming from the Global South. They're increasingly aware that they're bearing the brunt of climate change, despite contributing the least to it. Countries in the South are paying the price for two centuries of carbon emissions by countries in the North, particularly the US, but also Europe, Japan, Russia, and China.

Right now, we have this strange narrative where someone like Trump tells the world that the US has been exploited by Cambodia or others. That's a nice bit of TV entertainment, as Trump himself would say. But at some point, we're going to have to leave entertainment behind and face reality.

I think the BRICS and other countries in the Global South will put these issues on the table. It's crucial that European countries recognize this and form alliances with the more democratic players in the Global South, countries like Brazil, India, and South Africa, rather than turning to Russia and China, which are not only not really part of the South, but also among the worst carbon emitters in recent decades.

I hope Europe understands this, otherwise, things could get very bad. But here's a positive sign: in last year's G20 discussions about a global wealth tax, it was Brazil that pushed the idea forward, alongside some support from France. That made me very happy. If we put aside the academics involved in those discussions and look at the countries, it's striking that Brazil took the lead.

Ten years ago, when I first wrote about a global wealth tax in *Capital in the 21st Century*, I wouldn't have guessed Brazil would champion the cause. You'd expect European social democracies, those with more to lose from tax competition, to lead. But it was Brazil.

Of course, Brazil has been criticized for not being able to push tax reform domestically and instead making a show of global proposals. There's some truth to that, and we shouldn't be naive. But still, it's significant that Brazil was bold enough to put it on the global agenda.

European countries, as usual, were ambivalent, "maybe yes, maybe no." They didn't say a clear "no" like the US did, but neither did they say a clear "yes." In the end, Brazil was a bit on its own. India and China weren't pushing hard either.

That could change, especially if India elects a government less closely tied to pro-business interests. If the political balance shifts, I think demands from the Global South for economic and environmental justice will become even stronger. That could manifest through fiscal reforms like a global minimum tax, but also affect trade systems, the monetary system, and alternatives to the dollar.

What's happening right now is very likely to accelerate all of that in the coming months and years.

Question from audience: This is less of a technical question and more about communication. I think this audience is pretty unique, there's a lot of knowledge here, and to some extent, you're preaching to the choir. So my question is really: how do we better convey these messages to the general public?

Governments, international organizations like OECD, academia, this is an interesting forum, but how can we be more effective in reaching the average citizen? Because let's face it, tax has had terrible press over the years, especially in the past decade. For many people, it's a topic they either hate or don't understand. They don't see how essential it is to the societies we live in.

So what's your view on how we can do better? How can we contribute, not just by promoting dialogue, but by holding decision-makers accountable when they

fail to act? We're seeing legal action being taken on environmental issues. Could the same happen with tax?

Thomas Piketty: Yes, I actually think there could be more lawsuits and legal claims around fiscal inequality. In cases where top earners are effectively paying 1 or 2 percent in tax on their income, while the middle and upper-middle classes are paying 20, 30, even 40 percent, I think there's room, depending on the country, for legal challenges.

But really, what we need is broad, collective mobilization if we want to address this. That includes the OECD, academics, and citizens alike. It's not just about pointing out inequality, it's also about making clear what can be done if we fix it. The key is to show how the money would be used.

So yes, I talk about ideas like a basic inheritance for all, which would require progressive taxation. But whether that's the first priority or whether we should instead channel those funds into education, health systems, public infrastructure, energy, those are democratic choices. Personally, I see the basic inheritance idea as more of a long-term goal. In the short term, we need to make the case for very visible investments in public services. People need to see that this is real money, and that it can be used for real improvements.

Last year, with Anmol Somanchi, Nitin Bharti, and Lucas Chancel, we published a study on inequality and billionaires in India during the election campaign. It had a big impact. The ruling party wasn't happy, but we emphasized tax reform in very concrete terms: we calculated how much the education and health budgets could increase with specific reforms, and we communicated that directly. That made a difference.

What's important is to insist that these are not symbolic measures. A 2% tax on billionaires in France could raise €20 billion. That's not small money. I've heard people say, "That's not enough to bother with." Okay, then tell me where you're going to find €20 billion. This kind of money can transform hospitals, hire doctors, it makes a huge difference. The numbers matter. €20 billion is not €2 billion.

But of course, there are powerful interests that don't want this to happen. They have massive resources and will use them to block change. That's why we need to be very precise, and very tough, especially when it comes to new tax exemptions for the wealthy that keep creeping back in. At the same time, the message can't sound too technocratic. It has to connect with what people care about, real improvements in their lives.

I think the OECD has played a role in advancing global coordination, but it could go further. Pushing for more progressive taxation at the top is crucial. And we also need to avoid dead ends in the debate.

Let me give one example. Some economists say, "I'm not sure about a wealth tax, but I really like inheritance tax." That's a dead end. Inheritance tax is precisely the tax people hate the most. So if you push for it, and then act surprised when people reject it, and use that rejection to say, "Well, too bad, I guess we can't do anything", that's really more a failure of imagination, it is straight cynicism.

There are good reasons people prefer a wealth tax. Economists sometimes don't get this. In theory, with perfect capital markets, everything's equivalent. But in the real world, it's not. An inheritance tax of 20% is like paying 20 years' worth of annual 1% property tax, except that you need to pay it all at once. That's hard, especially if people have to borrow to do it. For very wealthy individuals, it's manageable. But for most people, especially if their main asset is a home or a small business, it's a real problem.

That's why a regular wealth tax, paid annually, makes more sense. In our paper on optimal capital taxation, we argue that under imperfect capital markets, it's actually better to shift a large part of inheritance tax to a lifetime wealth tax.

But unfortunately, a lot of economists still stick to the inheritance tax idea, even though basic common sense says otherwise. People are often more pragmatic than economists. So that's a debate we have to move forward, too. The bottom line is: this is a tough fight. But we have to fight it together and have more common sense.

Question from audience: I was very insensitive to your broader point about changing the entire international economic architecture, not just focusing on the specific issue of taxing billionaires, which is of course very important. I'd like to hear your thoughts on the UN tax convention process currently underway.

You've emphasized that the Global South bears the brunt of global tax injustice. At the same time, there's the issue of the acceptability of tax measures. The Global South has often been subject to ineffective tax rules or asked to adopt frameworks, like those from the OECD, that may not serve their interests.

This UN-led process presents an opportunity to fix systemic flows in the international tax system, which goes far beyond taxing billionaires. It includes transparency measures, beneficial ownership registries, and a broader conversation on redistribution. It also touches on environmental taxation and the taxation of multinational companies. It's a very ambitious process, and I'd love to hear your thoughts on it.

Question from audience: You've already mentioned historical inequalities in carbon emissions. One could argue that similar dynamics exist when it comes to capital accumulation, think slavery, colonialism, and global inequality. As someone who supports redistribution, would you also support international redistribution between high- and low-income countries? And if so, do you have any suggestions for how this could be implemented in practice?

Piketty: Thanks for these two *very* simple questions, I'm sure I can answer both in 20 seconds! But seriously, the good news is: what you're talking about is going to happen. The pressure coming from the Global South is growing stronger, and the West, including the US, Europe, and others, is becoming smaller in relative terms. So the world is going to be redefined by a new coalition of countries.

The key question is: what ambitious proposals will emerge to reshape global tax systems, trade systems, and monetary frameworks? That's the real challenge. What we need is for Europe to engage in real dialogue with Brazil, South Africa, India, and others. These are the conversations that matter.

Now, we won't solve everything all at once, but we can start addressing issues one by one. Take billionaire taxation, for example. It's crucial that at least a portion, ideally a substantial share, of the revenue from taxing billionaires goes to *all* countries, in proportion to their population or their exposure to climate change, or a mix of both. It shouldn't just depend on where the billionaire lives or where their business is based.

If we take a long-term perspective, the consequences of climate change are hitting countries, especially in sub-Saharan Africa, that are already heavily disadvantaged and receive little investment. And if we look further back, we know that industrial development came through a global division of labor, and yes, through the brutal exploitation of both natural and human resources.

We're not trying to calculate exact reparation amounts for the past, though I've written about clear-cut cases, like France's forced reparations on Haiti, where direct reparations do make sense. But more broadly, we should focus on the future: creating a global economic and tax system that gives all countries the financial means to invest in their own infrastructure.

So, redistributing even a fraction of billionaire tax revenue to countries like Mali or Bangladesh, based on population, would make a massive difference. And people who say these countries wouldn't know how to use the money? They're simply repeating neocolonial arguments with no basis in fact.

Look at education budgets: in Mali or Bangladesh, they might spend €5–10 per child, yet still manage heroic outcomes in literacy and health. Compare that with the €5,000 per child we might spend in rich countries, it's clear who's achieving more with less. That's the best return on investment on the planet.

Of course, in conflict zones, the situation is more complex, you have to be careful about how funds are absorbed and used. But in general, the idea that funds would be wasted is unfounded.

And this goes beyond taxation. Take trade: current market exchange rates are deeply unfair for many countries in sub-Saharan Africa and Latin America. If trade operated closer to purchasing power parity (PPP), these countries would earn far more from their exports. That would mean more resources to invest in development, again, it's not about charity, it's about correcting structural extraction.

This isn't a new idea. Back in 1943, Keynes proposed an international clearing union where countries would trade at more equitable exchange rates, supported by a central system of credits and debits. That would drastically shift global capital flows and borrowing conditions, and give all countries fairer access to resources.

Compare that to what someone like Trump says today, complaining that Cambodia is "exploiting" the US. That's not the direction we need. Instead, I hope for a coalition of reasonable people, rich and poor, North and South, who will push for a different platform. These kinds of conversations, like the one we're having now, can play a small but real role in building that future. So thank you for the time and the discussion.

Audience Question 1: I was quite insensitive earlier when I focused solely on taxing billionaires, which is of course important, but I neglected your broader point about the need to rethink the entire international economic architecture. So I wanted to ask your opinion on a process that's currently underway at the United Nations, the UN Tax Convention. You've emphasized that the Global South bears the brunt of tax injustice, yet it's often been pressured to accept ineffective measures, such as frameworks pushed by the OECD that don't serve its interests. This new UN process offers a chance to overhaul the global tax system, yes, including taxing billionaires, but also addressing much more: transparency through beneficial ownership registries, environmental taxation, multinational corporate taxation, and broader redistribution. What's your take on this process?

Audience Question 2: You've already mentioned the historical inequality in carbon emissions. But one could also argue that the same applies to capital accumulation and international inequality, rooted in slavery and colonialism. As someone who strongly supports redistribution, would you also support international redistribution from high-income to low-income countries? And if so, do you have any practical suggestions for how to make that happen?

Piketty: I think this is going to happen. The good news is that change is coming, because pressure from the Global South is only going to intensify. And the West is shrinking, starting with the US, but also Europe and other rich countries. The global order will be redefined by a new coalition of countries, and the key question is: what ambitious proposals will be brought forward to reshape the tax system, the trading system, and the monetary system?

We're not going to solve it all today, but let's start somewhere. When it comes to billionaire taxation, for example, it's essential that at least a share, ideally a substantial share, of the revenue goes to *every* country in the world. That could be proportional to population, or to climate vulnerability, or some combination, not just based on where the billionaire lives or where the business is located.

If you zoom out, you see that the consequences of climate change are hitting places like sub-Saharan Africa, which currently receive almost no investment. Historically, the industrial revolution and modern economic development were built on global divisions of labor, natural resource extraction, and, at times, brutal exploitation. We don't need to tally every dollar of reparation owed, but we do need to acknowledge this legacy and design a future where *every* country has the financial means to develop, where they can invest in infrastructure, education, and healthcare.

I've written about specific cases, like reparations for Haiti, which are so extreme that direct compensation is justified. But more broadly, we should focus on the future: build a global tax and economic system that equips countries to stand on their own.

Redistributing even a fraction of billionaire tax revenue to countries like Mali or Bangladesh, on a per capita basis, could make a massive difference. People who claim, “Oh, but they wouldn’t know how to use the money,” simply aren’t serious. That’s classic colonial thinking. Just look at what these countries manage to achieve with almost nothing. In some cases, education budgets have €5–10 per child. And yet, the outcomes in health, literacy, and basic education are astonishing. The return on investment is phenomenal, far higher than what we achieve with €5,000 per student. This is the most efficient use of money on the planet.

Of course, there are exceptions, war-torn countries, or places where elites siphon off resources. We must evaluate case by case. But *on average*, redistributing just a small portion of global tax revenues would be transformative.

And taxation is just one piece of the puzzle. Let’s talk about trade. The current market exchange rates at which sub-Saharan Africa and parts of Latin America trade commodities are profoundly unfair. If trade happened at purchasing power parity (PPP), those countries would earn significantly more for their exports, which they could reinvest domestically. Again, this is not about generosity, it’s about justice and reparation for what’s been unfairly extracted.

There’s no economic justification for using speculative market exchange rates. Back in 1943, Keynes proposed an International Clearing Union, where trade would be balanced with credit and debit accounts, and exchange rates closer to PPP. It would have transformed global trade and development. We need to return to ideas like that.

This, of course, is very different from what Trump says when he accuses Cambodia of exploiting the U.S. But I remain optimistic. A coalition of reasonable people, rich and poor, from both North and South, can push for a different model. And gatherings like this one can help lay the groundwork for a new platform.

Question from Mello: When I saw your proposal, I was immediately drawn to the idea and the concept—especially because in the previous session, we discussed how taxing billionaires, particularly a 2% tax, is an important first step. But we also agreed it’s not enough to truly change the trajectory of growing wealth and income inequality.

One of the issues we raised is how to build the political environment needed to approve and implement these kinds of reforms, both nationally and internationally.

Do you believe the proposal you’ve presented here has a better chance of success if it's implemented nationally by a coalition of the willing? Or would it be more effective through an international agreement—something like Pillar

Two? Of course, we know Pillar Two isn't fully international, as the United States isn't on board.

I ask because in Brazil, we've just sent a proposal for income tax reform that includes a minimum effective tax rate of 10% on millionaires. It's getting a very positive response from the public. Interestingly, we paired this with a tax exemption for people earning around $8,800 (in Brazilian reals), and the support for taxing the rich is even greater than the support for exempting the middle class.

We managed to put forward a simple proposal that gained a lot of support. But we also know that if we had gone further, as perhaps we should have, domestic resistance would have been much stronger. However, if there were a coalition of the willing, or ideally an international agreement, a bolder reform might actually be easier to pass domestically. That's also how it worked with Pillar Two—Brazil was able to approve and implement it largely because of the international framework. So I'd really appreciate your thoughts on this.

Piketty: What history suggests, particularly the history of progressive taxation in the 20th century, is that reforms tend to come in waves. Once a few countries take the lead, especially powerful ones, it often sets a new standard.

Of course, the map of powerful countries today isn't exactly the same as it was in the 20th century. But look back: as soon as the U.S., Britain, Germany, France, and Sweden adopted very progressive taxation, around 1910 to 1914, it quickly became the norm. Even Spain under Franco adopted progressive taxation. Not because Franco was a fan of it, but simply because it became standard practice—"everyone's doing it."

So I think the same logic applies today. We can't wait for all G20 countries to agree. Individual countries need to move forward when they can. But it's also crucial to have spaces like this one, where countries can discuss and coordinate—even if implementation doesn't happen all at once.

Once these ideas become concrete for a few countries, the balance can shift. For example, in 2020, Bernie Sanders and Elizabeth Warren pushed bold tax ideas during the U.S. Democratic primaries. Biden eventually won the nomination, but Sanders and Warren were nearly 50-50 with him. And this wasn't a fringe movement, it was the mainstream of the Democratic Party. Actually the young voters, and when I say young voters, it's actually below 50, they had a large majority. If there had been a different profile, someone younger, more representative, maybe that momentum would've gone even further. If the U.S. had adopted a progressive wealth tax then, it could have shifted the global political landscape significantly.

So, yes, we sometimes miss opportunities, like in 2020. But those moments return. That's why we have to be ready for unexpected shifts. People say, "It'll never happen—the wealthy are too powerful." But they don't know their history.

Before World War I, the richest countries spent less than 10% of national income collectively. Today, it's almost 50%, and that change didn't destroy the economy. Quite the opposite: we saw the biggest productivity growth in history.

That kind of transformation is what we should aim for again. Each country should do what it can, but always with the global coalition in mind.

If I understood correctly, Brazil's current proposal includes a 10% minimum income tax on millionaires, not just 2%, and it's proving to be quite popular.

Mello's intervention: There's actually more support for taxing the wealthy than for the exemptions we're offering the middle class. What we've done is combine a millionaire tax with income tax exemptions for the middle class. And while the exemptions are popular, the support for taxing the top is even stronger—because there's a shared sense of justice. Everyone agrees on that

Piketty: And I think, sometimes a higher tax rate can be easier to understand. Sometimes, a 2% tax rate can feel like, "Okay, this is very small. This is what we had in the past." In fact, it makes a big difference if it's based on a comprehensive tax base, of course—and that's the whole point. But still, I think a higher tax rate can sometimes help generate more political mobilization.

That being said, I'm not saying at all that the G20 proposal last year should have been the proposal I had put forward earlier in the table. I think there are different roles to play. I really believe that. It's important that some people focus upon reasonable first steps. And at the same time, it's important that some other people talk about the long run. This is about the long run—I'm very clear on that.

I'm not saying, if I were a candidate for election, though I'll never be a candidate for any election, but if I were, I wouldn't make those kinds of propositions. That would be ridiculous.

But I do think there's a role for intellectuals and for society more broadly to talk not just about the next election, but about the long run. To me, this is a long-term objective. Over the course of the 21st century. Just like the construction of the welfare state: it took a century to go from 10% of national income to 50%.

That's the kind of transformation we're talking about. What do we want for the next century? Or the next 50 years? I think we need both kinds of discussions, the short-term and the long-term, including in conferences like this one. Because if we never talk about the long-run, then we loose the big picture of where we want to go. Many thanks again for your attention.