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Wealth Inequality after Piketty: Recent Evidence from Europe and the United States

Relatore: Chiar.mo
Prof. Alberto Russo

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Gaia Abate

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CHAPTER 1 INTRODUCTION

Over recent decades, it has become increasingly evident that wealth is accumulating in the hands of a relatively small share of the population.

This phenomenon lies at the centre of contemporary economic and social debate and has sparked both my personal and academic interests. That is what motivated the present research into the causes and dynamics of wealth inequalities.

When discussing economic inequality, attention is often focused on disparities in the distribution of wealth.

Wealth inequality represents one of the most widely debated topics in modern economics due not only to its ethical and social implications but also to its macroeconomic consequences. A substantial body of economic literature highlights how unequal income and wealth distributions may influence aggregate demand (Bivens & Banerjee, 2022), political stability (International Monetary Fund (IMF), 2023), and long-term economic growth (Piketty, 2014). Early contributions in political economy demonstrate that high inequality can generate social conflict and institutional instability, ultimately discouraging investment and reducing economic performance. When inequality reaches elevated levels, social cohesion may weaken, and equality of opportunity may decline, potentially undermining the sustainability of economic and financial systems.

Over recent decades, this issue has gained renewed relevance as wealth has become progressively concentrated in the hands of a smaller share of the population. Empirical evidence indicates that in many advanced economies, wealth disparities have increased since the late 20th century, reversing earlier trends of convergence observed during the post-war period (OECD, 2021; Piketty, 2014; Saez & Zucman, 2016).

The fact that inequality is once again on the rise has therefore brought distributional questions back to the centre of both academic research and public debate, raising concerns not only about fairness but also about the functioning and long-term stability of contemporary economic systems.

A major contribution to this debate is provided by Thomas Piketty in Capital in the Twenty-First Century, which marked a turning point in the international discussion on inequality. By assembling an extensive historical dataset covering more than two centuries, Piketty offers a long-term perspective on the evolution of income and wealth distribution in Europe and the United States. His central argument is summarised by the inequality $r > g$, according to which the rate of return on capital (r) tends to exceed the rate of economic growth (g). In the absence of strong redistributive policies, this mechanism leads to increasing wealth concentration over time.

However, the economic and social context following the publication of Piketty's work has been characterised by profound structural transformations. The rapid digitalisation of economic activity, the expansion of large technology platforms, the growing importance of intangible assets, and major global shocks such as the 2008 financial crisis, the COVID-19 pandemic and the ongoing international conflicts may have altered the mechanisms through which inequality evolves. These developments raise an important question: does Piketty's framework continue to explain contemporary inequality dynamics, or have new economic forces fundamentally changed the relationship between growth, capital accumulation, and distribution outcomes?

While Piketty's framework has generated extensive academic debate, fewer studies directly compare his long-term theoretical predictions with the structural transformations that have characterised advanced economies since 2000, particularly digitalisation, financialisation, and the growing concentration of market power.

The aim of this thesis is therefore not only to assess the relevance of Piketty's theoretical framework in light of recent empirical evidence, but also to evaluate whether current inequality trends reflect deeper structural mechanisms that reinforce economic advantages for wealth holders. In particular, the study investigates whether unequal access to capital and investment opportunities contributes to self-reinforcing dynamics of wealth accumulation, potentially limiting social mobility and shaping long-term economic development.

To achieve this objective, the analysis compares Piketty's historical findings with updated data drawn from internationally recognised sources, including the World Bank, the OECD, Eurostat, the IMF, and the World Inequality Database. The study combines a review of academic literature with an empirical investigation based on key indicators such as the Gini coefficient, income distribution by deciles, and the concentration of wealth at the top of the distribution.

This thesis addresses the following research question:

To what extent do contemporary empirical trends in economic inequality confirm the structural mechanisms of wealth concentration identified by Thomas Piketty, and how have recent economic transformations modified the dynamics linking capital accumulation and inequality?

1.1 RESEARCH OBJECTIVES

To answer this question, the thesis pursues three main objectives:

1. To evaluate whether recent empirical evidence supports the persistence of wealth concentration dynamics described in *Capital in the Twenty-First Century*.

2. To assess the explanatory power and limitations of the r > g framework in the contemporary economic context.

3. To analyse whether unequal access to capital contributes to cumulative economic advantages that influence long-term inequality and economic opportunities.

1.2 RESEARCH HYPOTHESES

The empirical and theoretical analysis is guided by the following hypotheses:

H1 – Persistence of Wealth Concentration

Wealth inequality has continued to increase in advanced economies since 2000, consistent with the structural mechanisms identified by Piketty.

H2 – Structural Advantage of Capital Ownership

Individuals and groups with greater access to capital benefit from cumulative economic advantages, leading to more persistent inequality compared to income disparities.

H3 – Transformation but Not Disappearance of Inequality Dynamics

Recent economic transformations, including digitalisation, financialisation, and labour market changes, modify but do not eliminate the fundamental mechanisms driving wealth concentration.

H4 – Institutional Mediation of Inequality

Public policies and institutional arrangements significantly influence the intensity of inequality dynamics, confirming that inequality outcomes are not economically inevitable but politically mediated.

The rest of the thesis is structured as follows. Chapter 2 presents the theoretical framework and reviews the main contributions in the literature on economic inequality, including key criticisms of Piketty's approach. Chapter 3 outlines the methodology and describes the data sources used in the empirical analysis. Chapter 4 reconstructs historical inequality trends identified by Piketty, while Chapter 5 analyses developments from 2000 onwards. Chapter 6 provides a critical comparison between Piketty's predictions and contemporary empirical evidence. Finally, Chapter 7 discusses policy implications and outlines directions for future research.

CHAPTER 2 THEORETICAL FRAMEWORK AND LITERATURE REVIEW

2.1 THE FORMULA R > G AND THE DYNAMICS OF WEALTH CONCENTRATION

One of Thomas Piketty's most influential contributions to the contemporary debate on economic inequality is the formalisation of the relationship between the rate of return on capital and the rate of economic growth, summarised in the inequality **r > g**, where *r* is the return on capital and *g* the growth rate of the economy.

According to Piketty, when the return on capital persistently exceeds the growth of income and output, wealth accumulated in the past grows faster than wages and production, leading to an increasing concentration of wealth among capital owners (Piketty, 2014).

This mechanism has significant distributional implications. In an economic system characterised by a persistent r > g dynamic, inherited wealth becomes progressively more important than labour income, limiting social mobility and reinforcing intergenerational inequality.

Piketty argues that this outcome should not be interpreted as the result of market imperfections or temporary shocks, but rather as a structural tendency of capitalism when left largely unregulated. In such conditions, capitalist economies tend to evolve toward a "patrimonial" structure, similar to that observed in 19^{th}-century Europe, where wealth and economic power were highly concentrated within a small segment of society.

It is important to highlight that Piketty does not describe r > g as a deterministic economic law. Instead, he presents it as a long-run tendency whose effects depend crucially on institutional arrangements, political decisions, and historical circumstances. Fiscal systems, social policies, and regulatory frameworks can mitigate or amplify the impact of this mechanism. Nevertheless, in the absence of effective redistributive interventions, inequality tends to reinforce itself over time, making a more equitable distribution of resources increasingly difficult to achieve.

This perspective is particularly useful for interpreting long-term wealth dynamics in advanced capitalist economies, where capital accumulation increasingly shapes distributional outcomes.

2.2 THE ROLE OF HISTORICAL FACTORS: WARS, CRISES, TAXATION, AND GLOBALISATION

A central element of Piketty's analysis is his emphasis on historical shocks and institutional changes that have temporarily interrupted or weakened the process of wealth concentration. In particular, the period between 1914 and 1945 is described as a "historical parenthesis" during which inequality declined substantially in most Western economies.

The two World Wars and the Great Depression contributed to the reduction of large private fortunes through multiple channels, including inflation, the destruction of physical capital, debt restructuring, and exceptionally high taxation.

These shocks were accompanied by the introduction and expansion of progressive tax systems on income and wealth, which constrained capital accumulation and financed the development of modern welfare states.

In both Europe and the United States, top marginal tax rates reached historically unprecedented levels during the mid-20th century.

The post-war period of sustained economic growth further contributed to reducing inequality. High growth rates increased the importance of labour income relative to inherited wealth, promoting a more balanced distribution of economic resources. However, from the 1980s onwards, this equilibrium gradually weakened. Processes such as globalisation, financial liberalisation, declining tax progressivity, and the erosion of labour market institutions contributed to a renewed increase in income and wealth inequality in many advanced economies (OECD, 2021; International Monetary Fund (IMF), 2023).

Piketty interprets this phase as a return to the historically "normal" functioning of capitalism, in which r > g once again becomes the dominant force.

While globalisation has helped growth in several regions, it has also intensified tax competition among states and reduced the effectiveness of national redistributive policies, and this reinforced tendencies toward wealth concentration.

2.3 OTHER THEORETICAL APPROACHES TO ECONOMIC INEQUALITY

Piketty's work belongs to a broader theoretical tradition that seeks to explain the evolution of economic inequality over time. One of the most important theories is the Kuznets curve, created by Simon Kuznets in the 1950s. According to this idea, inequality first increases when a country starts to industrialise and develop, but later decreases as the economy becomes more advanced and people's incomes grow. Piketty's historical evidence strongly challenges this optimistic view. Long-run data suggest that the reduction in inequality observed during the 20th century was not an automatic consequence of economic growth, but rather the result of exceptional historical events and deliberate policy choices. In the absence of such factors, there is little empirical support for the idea of a spontaneous and sustained decline in inequality (Piketty, 2014).

A further important contribution is provided by Branko Milanovic.

Milanovic expands the analysis of inequality to a global level. He distinguishes between inequality within countries and inequality between countries, showing that while globalisation has reduced disparities between nations, which is largely due to the rapid growth of emerging economies such as China and India, it has simultaneously increased inequality within many advanced economies (Milanovic, 2016). This perspective complements Piketty's analysis by highlighting the growing importance of global and large-scale forces in shaping distributional outcomes.

Moreover, Tony Atkinson's work focuses explicitly on policy solutions to inequality. Rather than limiting the analysis to descriptive trends, Atkinson proposes a set of concrete redistributive measures, including greater tax progressivity and the expansion of welfare systems. His approach reinforces the idea that inequality is not an unavoidable outcome of economic processes, but the result of political and institutional choices (Atkinson, 2015).

2.4 CRITICISMS OF PIKETTY'S APPROACH

The work of Thomas Piketty has generated one of the most significant academic debates in contemporary economics.

While *Capital in the Twenty-First Century* brought back the study of wealth inequality through historical and empirical analysis, numerous researchers have questioned both its theoretical assumptions and the empirical methodology.

Examining these criticisms is essential not only to assess the strength of Piketty's framework but also to evaluate whether recent economic developments confirm or refute his central hypothesis.

2.4.1 r > g law or historical regularity?

One of the most debated aspects of Piketty's theory concerns the relationship between the rate of return on capital (r) and the rate of economic growth (g). Critics argue that the condition $r > g$ should not be interpreted as a universal economic law but rather as a historical regularity dependent on institutional and macroeconomic contexts. (Acemoglu & Robinson, 2014)

Acemoglu and Robinson (2015) argue that inequality dynamics cannot be explained through a single "general law" of capitalism, since institutional structures, political power, and technological change play a central role in shaping long-term distributional outcomes.

Early discussions in the inequality literature emphasised that returns to capital fluctuate significantly across time and countries, suggesting that structural factors such as technological change, taxation, and financial regulation may alter long-term dynamics. These critiques highlight that inequality outcomes depend not only on capital returns but also on political and institutional arrangements.

However, more recent contributions argue that even if $r > g$ is not constant, wealth concentration may still increase due to cumulative advantages embedded in financial systems and inheritance mechanisms.

2.4.2 Data and Measurement Concerns

Another line of criticism from Giles focuses on Piketty's historical datasets. Some researchers question the comparability of long-run tax records and wealth estimates, arguing that measurement errors and methodological adjustments may affect inequality estimates.

Nevertheless, later research using updated databases and alternative methodologies has broadly confirmed rising wealth concentration trends in advanced economies. Improvements in wealth accounting and expanded access to administrative data have strengthened rather than weakened the empirical observation that top wealth shares have increased since the late twentieth century. (Goes, 2016)

Thus, while methodological debates remain relevant, they do not fundamentally invalidate the broader empirical pattern identified by Piketty.

2.4.3 Inequality, Opportunity, and Structural Barriers

A central criticism of Piketty concerns his emphasis on inherited wealth. Critics claim that modern capitalism rewards innovation and entrepreneurship rather than passive ownership (Schumpeter, 1942). Yet recent empirical studies suggest that access to capital markets, education, and investment opportunities remains strongly correlated with existing wealth levels. (World Inequality Report, 2026)

This implies that individuals starting with greater financial resources benefit from compounding advantages, including:

- higher investment returns,
- lower borrowing constraints,

- greater exposure to high-yield financial assets,
- intergenerational wealth transfers.

Consequently, inequality may persist not because markets fail entirely, but because economic opportunities themselves are unevenly distributed.

2.4.4 Do Criticisms Weaken or Strengthen Piketty's Insight?

Rather than disproving Piketty's argument, many criticisms shift the interpretation of his theory from a deterministic law to a structural tendency of capitalist economies. Even when growth accelerates or policy interventions occur, wealth accumulation mechanisms continue to favour capital owners over wage earners.

Recent literature suggests that contemporary developments, including financialisation and digital monopolies, may amplify dynamics consistent with Piketty's broader hypothesis. (Hendrikse et al., 2022)

In this sense, the debate has evolved from questioning whether inequality increases to understanding the mechanisms through which it persists.

Therefore, this thesis adopts a critical but constructive perspective: Piketty's framework is not treated as a universal law but as a theoretical starting point to be tested against recent empirical evidence. The following chapters analyse whether current inequality trends in Europe and globally support the claim that wealth accumulation increasingly advantages those already possessing capital, potentially constraining economic mobility and long-term economic progress.

Despite its substantial impact, Piketty’s work has been subject to several criticisms. One major concern relates to the quality and comparability of the historical data used, particularly for long time horizons and for non-Western countries. The construction of the long-term wealth series inevitably relies on methodological assumptions that may influence the robustness of the results.

Another criticism concerns the potential underestimation of the role of technological change and innovation. Some researchers argue that the recent rise in inequality is better explained by skill-biased technological progress, which increases wage dispersion by favouring highly educated workers, rather than by capital accumulation alone. From this perspective, labour market dynamics play a more central role than the $r > g$ mechanism.

Finally, critics emphasise the heterogeneity of inequality dynamics across regions. The patterns observed in Western Europe and Anglo-Saxon countries are not necessarily representative of other institutional contexts, where financial systems, labour markets, and social structures differ substantially. This raises questions about the generalisability of Piketty’s conclusions and highlights the need for context-specific analyses.

These criticisms do not invalidate Piketty’s framework but rather highlight the importance of integrating alternative explanations when analysing contemporary inequality.

2.5 EMPIRICAL EVIDENCE ON INEQUALITY IN EUROPE

While the theoretical framework developed by Piketty provides a long-run explanation of wealth concentration, a large body of empirical literature investigates how inequality has evolved across European countries and which institutional factors shape distributional outcomes.

Empirical studies consistently show that inequality dynamics in Europe differ from those observed in other advanced economies, particularly the United States. (Blanchet, Chancel, and Gethin, 2019) demonstrates that European countries generally display lower levels of income inequality due to stronger redistributive mechanisms, including progressive taxation and social transfer systems. These institutional arrangements significantly reduce market-generated inequality.

OECD (2021) reports confirm that although income inequality has moderately increased in Europe since the 1980s, the rise has been comparatively contained. Cross-country differences remain substantial: Nordic economies maintain relatively egalitarian income distributions, whereas Southern and Eastern European countries exhibit higher inequality levels, reflecting differences in labour market structures and welfare institutions.

European Commission (2022) analyses identify structural transformations as key drivers of recent inequality trends. Technological change, labour market polarisation, and demographic ageing have contributed to wage dispersion, particularly through the expansion of high-skilled employment combined with stagnation in middle-income occupations.

Micro-level studies further emphasise the dynamic nature of inequality. (Bönke, Corneo, and Lüthen ,2015) show that inequality accumulates over individuals' lifetimes rather than emerging only at a single point in time, highlighting the importance of long-term income trajectories.

Moreover, macroeconomic research links rising inequality to broader structural changes in advanced economies. Stockhammer (2015) argues that financialisation and declining labour trading power have shifted income distribution toward capital, reinforcing trends consistent with Piketty's theoretical predictions. Similarly, World Bank analyses (Sánchez-Páramo and Narayan, 2018) identify globalisation and technological change as major drivers shaping inequality patterns across Europe and Central Asia.

Recent methodological advances have further refined empirical analysis. The framework of Distributional National Accounts proposed by Piketty, Saez, and Zucman (2018) integrates macroeconomic data with household-level information, allowing researchers to assess how economic growth is distributed across income groups. Findings from the World Inequality Report (2022) indicate that wealth inequality remains substantially higher than income inequality, reinforcing concerns about long-term capital concentration.

Overall, empirical evidence supports the view that inequality outcomes in Europe depend strongly on institutional arrangements and policy choices, confirming that the dynamics described by Piketty operate within specific socio-economic contexts rather than as universal deterministic laws.

2.6 CONCLUSION

The combination of theoretical insights and empirical evidence reviewed in this chapter provides the analytical framework for examining inequality dynamics in Europe in the following empirical chapters.

In conclusion, the theoretical analysis of economic inequality has evolved from early optimistic models of convergence to more structural and critical interpretations. Piketty's contribution represents a turning point in this debate by placing capital accumulation, institutions, and long-term dynamics at the centre of the analysis. When integrated with the perspectives of Kuznets, Milanovic, and Atkinson, his framework provides a comprehensive and nuanced understanding of inequality while leaving room for ongoing debate regarding methodological limitations and alternative explanatory mechanisms.

His theoretical background provides the analytical foundation for the empirical investigation developed in the following chapters.

CHAPTER 3 METHODOLOGY AND DATA SOURCES

3.1 GENERAL EMPIRICAL ANALYSIS

The empirical analysis in this thesis is based on a comparative descriptive approach, which aims to examine the evolution of economic inequality in advanced economies and to assess the extent to which recent empirical evidence is consistent with the theoretical framework proposed by Thomas Piketty. Specifically, the objective is to explore whether contemporary inequality trends display patterns broadly consistent with the mechanisms highlighted by Piketty, particularly those associated with capital accumulation and wealth concentration.

To achieve this goal, the methodology adopted combines a temporal comparison (time-series analysis) with a cross-country comparison, allowing for the capture of both long-term trends and differences between countries. The analysis is not limited to a single inequality indicator, but uses a variety of measures to obtain a more complete and robust representation of the phenomenon.

The analysis period considered ranges from 2000 to the present, subject to data availability. This choice allows us to focus on the phase of globalised and financialised capitalism, characterised by profound economic and institutional transformations, and to include significant events such as the 2008 financial crisis, the Covid-19 pandemic, and the most recent inflationary trends.

Particular attention is given to the comparison between the United States and Europe, as these regions represent different institutional and redistributive models and therefore provide a useful framework for comparative analysis.

3.2 STATISTICAL SOURCES AND SELECTION CRITERIA

The empirical analysis is based on four major international statistical sources: the World Bank, the OECD, Eurostat, and the World Inequality Database (WID). These sources were chosen based on their reliability, temporal and geographical coverage, and the comparability of the data provided.

The World Bank is one of the leading sources of macroeconomic and social data globally. Through the World Development Indicators (WDI), it provides harmonised information on income, economic growth, and inequality, including the Gini coefficient and income distribution. Using World Bank data allows for the inclusion of a large number of countries and consistent international comparisons.

The OECD offers particularly detailed and accurate data for high-income countries. The statistics on income distribution and inequality are constructed from harmonised microdata, making them particularly suitable for comparative analyses within advanced economies. Furthermore, the OECD gives relevant information on fiscal and redistributive policies, useful to interpret differences between countries.

Eurostat is the main data source for the European Union and provides indicators that are comparable on income inequality, based on the EU-SILC (European Union Statistics on Income and Living Conditions) survey. Using Eurostat allows for a more in-depth analysis of the European context, characterised by relatively homogeneous social and fiscal institutions but heterogeneous distributional outcomes.

Finally, the World Inequality Database is a central source for analysing the concentration of wealth and top incomes. Developed by Piketty and other researchers, the WID provides detailed estimates of the share of income and wealth held by the wealthiest groups (top 1%, top 10%), allowing for direct analysis of the dynamics underlying the r > g model. Despite some methodological challenges, the WID represents one of the most comprehensive sources currently available for studying long-term inequality.

3.3 Inequality Indicators Used

To comprehensively analyse economic inequality, this thesis uses several indicators, each of which captures specific aspects of income and wealth distribution. The combined use of multiple measures overcomes the limitations associated with each indicator taken individually.

3.3.1 Gini Coefficient

The Gini coefficient is one of the most widely used indicators for measuring inequality in income distribution.

It assumes values between 0 and 1, where 0 indicates a perfectly equal distribution and 1 indicates extreme concentration of income in only one individual. The Gini coefficient is particularly useful for temporal and international comparisons due to its simplicity and widespread use.

However, the Gini coefficient has some limitations. In particular, it is less sensitive to changes in the upper half of the income distribution. This makes it less suitable to portrait changes in the concentration of higher incomes. For this reason, the Gini index is used in this analysis as a summary measure of inequality, but not as the only indicator.

3.3.2 Quintiles and Deciles

To obtain a more detailed representation of income distribution, the analysis uses the income share held by quintiles and deciles of the population. In particular, attention is paid to comparing the income of the poorest groups (first quintile/ decile) with that of the richest groups (top quintile/ decile).

This approach allows us to analyse how economic growth is distributed within different segments of the population and to verify whether the benefits of growth are concentrated in the wealthiest groups. The distribution by deciles is particularly useful for highlighting any income polarisation and for comparing the observed dynamics with the predictions of the Piketty model.

3.3.3 Top 1% and Top 10%

A central element of the analysis is wealth concentration, measured by the share of wealth held by the top 1% and top 10% of the population.

This indicator is particularly relevant in the context of the $r > g$ model, as it directly reflects the dynamics of capital accumulation.

Differently from income-based measures, wealth statistics capture wealth inequalities, which tend to be more persistent and less sensitive to economic cycles. Data from the World Inequality Database allows us to analyse the evolution of these shares over time and compare different countries, highlighting the role of institutions and economic policies.

3.4 Analysis Period and Geographic Coverage

The analysis period considered ranges from 2000 to the most recent available data in 2024, with some variations depending on the indicator and the source used. This choice is motivated by the desire to analyse a historical phase characterised by increasing global economic integration and a resurgence of interest in the topic of inequality.

From a geographical perspective, the analysis focuses primarily on advanced countries, particularly the United States and major European economies, for which data availability and quality are greater. However, where possible, broader comparisons are also included to place the results in an international context.

3.5 Data Processing Methods

Data processing is based on two main approaches: temporal analysis and cross-country analysis. Temporal analysis allows us to observe the evolution of inequality indicators over time. It identifies long-term trends and possible discontinuities associated with significant macroeconomic events.

On the other hand cross-country analysis, allows us to compare the levels and dynamics of inequality across countries, highlighting the role of institutions and economic policies.

In some cases, the data have been processed, such as normalisation or the calculation of percentage changes, to make them comparable. Particular attention has been paid to methodological consistency across different sources to reduce the risk of bias in international comparisons.

3.6 Methodological Limitations

Despite the care taken in selecting sources and indicators, the analysis presents some limitations. In particular, the comparability of data across countries and over time may be affected by differences in the definitions of income and wealth and by survey methodologies. Furthermore, wealth estimates, especially for wealthier groups, are subject to margins of error related to tax evasion and the difficulty of measuring financial assets.

These limitations are taken into account in the interpretation of the results and do not compromise the main objective of the analysis, which is to provide an empirical framework consistent with the theoretical debate on economic inequality.

Chapter 4 – Wealth Inequality Evolution in History According to Piketty

4.1 Introduction: Piketty's Historical Approach

Thomas Piketty's work stands out in the economic literature for its broad time horizon and systematic use of historical data on income and wealth distribution.

Unlike many previous studies, which were often limited to relatively short periods or single countries, Piketty offers a long-term analysis spanning over two centuries of economic history, focusing particularly on Western Europe and the United States.

This approach allows us to interpret inequality not as a contingent or cyclical phenomenon, but as a structural dynamic of capitalism, influenced by underlying economic forces and exceptional historical factors.

This chapter examines the main findings of Piketty's historical analysis, with particular attention to the evolution of income and wealth inequality, the effects of the world wars and the postwar period, and the role of public policies in the so-called "Great Compression" and the subsequent "Great Divergence."

4.2 Inequality in Europe and the United States in the 19th Century

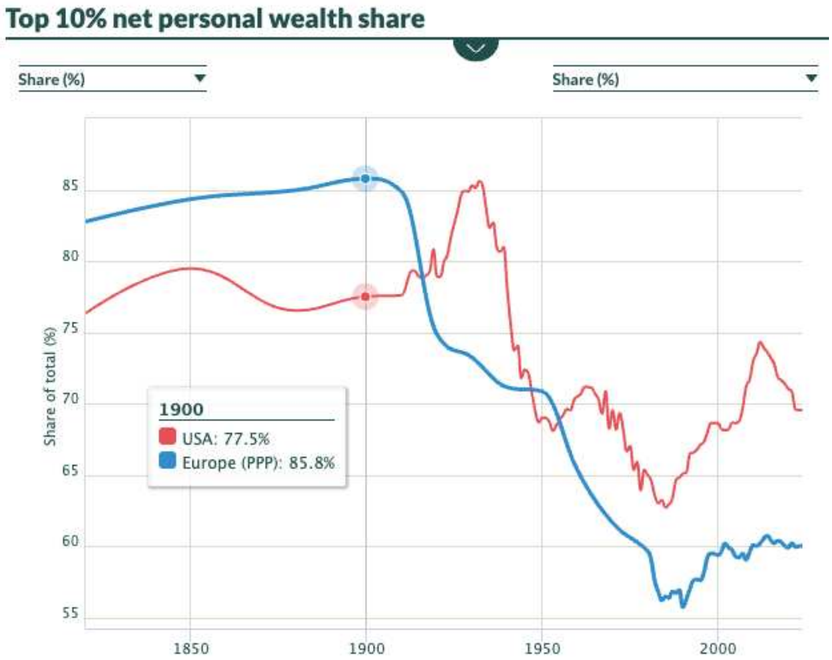
According to Piketty, the 19th century was a historical period characterised by extremely high levels of inequality, especially in Europe. European societies of the time can be described as patrimonial societies, in which wealth accumulated in the past and transmitted through inheritance played a dominant role compared to earned income. In this context, wealth distribution was highly concentrated, in fact a small elite held a very high share of total wealth, while the majority of the population had limited resources.

In the United States, despite a different social structure and greater availability of land and economic opportunities, inequality remained significant. However, compared to Europe, the burden of large inheritances was relatively less pronounced, thanks in part to faster economic growth and greater social mobility. Nonetheless, even in the US context, the return on capital tended to exceed the rate of economic growth, consistent with the relationship $r > g$.

According to Piketty (2014), when the rate of return on capital exceeds the rate of economic growth, wealth accumulated in the past tends to grow faster than wages and production, contributing to increasing wealth concentration over time.

Piketty emphasises how, in the absence of external shocks or significant political interventions, nineteenth-century capitalism exhibited a natural tendency toward the concentration of wealth. This finding calls into question the idea that economic progress and industrialisation automatically lead to a reduction in inequality.

Figure 4. 1 Historical evolution of the top 10% wealth share in Europe and the United States (1820–2024)



Source: World Inequality Database (WID, 2025).

Figure 4.1 illustrates the long-term evolution of wealth concentration in Europe and the United States. Before the First World War, wealth concentration was extremely high in both regions, particularly in Europe, where the top 10% owned more than 80% of total private wealth. The sharp decline observed during the mid-twentieth century reflects the impact of wars, progressive taxation, and the expansion of welfare states. However, from the 1980s onward, wealth concentration began to rise again, especially in the United States, supporting Piketty's interpretation of a renewed phase of patrimonial capitalism.

4.3 The World Wars and the Disruption of the Equilibrium of Wealth

In Piketty's analysis, the period between 1914 and 1945 represents a fundamental historical discontinuity. The two world wars and the Great Depression had profound and lasting effects on the distribution of income and wealth, especially in European countries.

The wars led to the massive destruction of physical capital, as well as high inflation, public debt defaults, and extraordinary taxation of wealth. These factors contributed to a drastic reduction in the real value of vast private wealth, temporarily interrupting the dynamic of wealth accumulation typical of nineteenth-century capitalism. Even in the United States, although the direct impact of wartime destruction was less severe, the fiscal policies adopted during and after the conflict had significant redistributive effects.

According to Piketty, the reduction in inequality observed during this period was not the result of a spontaneous economic process, but rather of exceptional historical shocks. This aspect is central to the critique of Kuznets's view: the decline in inequality in the first half of the twentieth century does not represent a natural phase of capitalist development but a historical interlude linked to extraordinary events.

4.4 The Postwar Period and the "Great Compression"

The postwar period, particularly between the 1940s and 1970s, is characterised by what Piketty calls the "Great Compression" of inequality. In Europe and the United States, there was a significant reduction in income inequality and a lower concentration of wealth compared to pre-war levels.

Several factors contribute to explaining this phase.

First, the high economic growth rates of the postwar period reduced the relative importance of inherited wealth. When growth (g) is sustained, the weight of wealth accumulated in the past declines, favouring a greater centrality of earned income.

Second, the introduction and strengthening of progressive tax systems limited the accumulation of large fortunes and financed the expansion of the welfare state.

The consolidation of the welfare state, through education, healthcare, and social protection policies, has also helped reduce inequalities of opportunity and support the incomes of the middle and lower classes. In this context, the $r > g$ relationship has become less significant, thanks to public intervention and favourable macroeconomic conditions.

Piketty interprets the Great Compression as a historical exception rather than a new capitalist norm. His analysis suggests that, once these extraordinary factors disappear, the dynamics of wealth concentration tend to come back.

4.5 The "Great Divergence" since the 1980s

Starting from the 1980s, Europe and the United States entered a new phase characterised by rising inequality, defined by Piketty as the "Great Divergence".

This phenomenon is particularly evident in the United States, where the income share held by the top 1% and top 10% grew significantly, bringing inequality levels closer to those observed at the beginning of the 20th century.

The main factors behind this trend include the reduction of tax progressivity, the deregulation of financial markets, and the weakening of labour institutions. Marginal tax rates on the highest incomes have been progressively reduced, facilitating the accumulation of income and wealth at the top end of the income distribution. At the same time, globalisation and technological progress have favoured higher incomes, contributing to greater polarisation.

In Europe, even if the increase in inequality has generally been more limited than in the United States, similar dynamics are observed, with significant differences between countries. More robust welfare systems and greater tax progressivity have partially mitigated the growth of inequality, but have not been sufficient to completely counteract the trend toward wealth concentration.

Recent empirical evidence confirms that inequality has risen particularly sharply in the United States since the 1980s, with the concentration of wealth and top incomes reaching levels comparable to those observed before World War I (Saez & Zucman, 2016). This trend supports Piketty's interpretation of a renewed phase of patrimonial capitalism.

An important refinement of Piketty's argument is provided by Rognlie (2015), who argues that a substantial part of the increase in capital income shares in advanced economies is linked to the growing importance of housing and real estate wealth rather than productive capital alone. According to this perspective, rising property values, especially in large urban areas, have significantly contributed to wealth concentration since the 1980s.

This interpretation suggests that contemporary inequality is increasingly influenced not only by financial assets and inherited wealth, but also by unequal access to housing markets and real estate ownership. The rapid appreciation of housing assets disproportionately benefits wealthier households already owning property, reinforcing intergenerational inequality and limiting wealth accumulation opportunities for younger and lower-income groups.

Rognlie’s contribution therefore complements Piketty’s broader framework by highlighting the specific composition of modern capital accumulation and the central role of real estate in contemporary wealth inequality.

4.6 The Role of Fiscal and Redistributive Policies

The role that public policies have in shaping the distribution of income and wealth is a central topic in Piketty's analysis. Historical evidence suggests that phases of reduced inequality have been associated with intensive use of progressive taxation and active redistributive policies.

In particular, Piketty highlights how the high taxation of high incomes in the post-World War II period did not stop economic growth, but rather contributed to a more equal distribution of resources. This finding highlights that the idea that strong tax progressivity is incompatible with economic efficiency is not correct.

Historical analysis also shows that the reduction of inequality is not an automatic process, but the result of deliberate political choices. In the absence of redistributive interventions, the $r > g$ dynamic tends to prevail, leading to a growing concentration of wealth.

4.7 Conclusion

Piketty's historical analysis offers a long-term perspective on the dynamics of economic inequality in Europe and the United States. The results show how capitalism structurally tends toward the concentration of wealth, interrupted only by exceptional historical shocks or strong political interventions. The postwar "Great Compression" appears as a historical parenthesis, while the "Great Divergence" since the 1980s confirms the relevance of the r > g relationship in the contemporary context.

This historical framework provides the theoretical and empirical foundation for the analysis of recent data, which will be developed in the next chapter, and reinforces the idea that inequality is not an inevitable fate, but the result of specific institutional and political configurations.

However, some scholars criticise the idea that the r > g relationship can be considered a universal law of capitalism. Acemoglu and Robinson (2015) argue that institutional, political, and technological factors play a more decisive role in shaping inequality dynamics than purely economic mechanisms. According to their interpretation, inequality trends cannot be explained exclusively through capital accumulation, but must also account for changes in political power and market structures.

Chapter 5 – Recent data on wealth inequality

5.1 Introduction

The analysis of the most recent data allows us to verify whether the long-term trends identified by Thomas Piketty are also reflected in the contemporary context. Since the early 2000s, the global economy has been characterised by profound structural changes, including intensified globalisation, technological innovation, increasing financialisation, and a series of large-scale macroeconomic shocks. In this context, the study of inequality plays a central role in understanding the transformations of modern capitalism.

This chapter presents and analyses empirical evidence on income and wealth distribution from 2000 to the present, using the data illustrated in Chapter 3. The focus is on global trends, regional differences, and the impact of critical events such as the 2008 financial crisis and the Covid-19 pandemic. A further objective is to compare the evolution of income inequality with that of wealth inequality, highlighting similarities and divergences.

5.2 Overview of Empirical Data

The data analysed come primarily from the World Bank, OECD, Eurostat, and the World Inequality Database, and includes indicators such as the Gini coefficient, income distribution by quintiles and deciles, and the share of income and wealth held by the top 1% and top 10%. The combined use of these sources allows for a comprehensive picture of contemporary distribution dynamics.

To provide a clearer overview of recent inequality dynamics, Table 5.1 summarises the main wealth concentration indicators considered in this analysis, focusing on the share of wealth held by the top 10% and top 1% of the population in Europe and the United States.

Table 5. 1 Wealth inequality indicators in the United States and Europe (2000–2024)

	USA Net personal wealth		EUROPE (PPP) Net personal wealth	
Year	Top 10% share | adults | equal split	Top 1% share | adults | equal split	Top 10% share | adults | equal split	Top 1% share | adults | equal split
2000	68,65%	32,34%	59,36%	25,10%
2010	72,98%	34,62%	60,08%	24,45%
2020	71,03%	35,13%	59,89%	25,13%
2024	69,54%	34,78%	60,03%	25,50%

Source: Author's elaboration based on World Inequality Database (WID, 2025).

A comparison across years 2000 – 2024 reveals that wealth concentration remained persistently high throughout the entire period, although some differences emerge between the top 10% and the top 1%. In the United States, the share of wealth held by the top 10% increased only slightly from 68.65% in 2000 to 69.54% in 2024. However, the share held by the top 1% rose more noticeably, from 32.34% to 34.78%. A similar pattern can be observed in Europe, where the top 10% share increased from 59.36% to 60.03%, while the top 1% share rose from 25.10% to 25.50%. These findings suggest that recent wealth concentration dynamics are particularly pronounced at the very top of the distribution, supporting Piketty's argument that capital accumulation tends to disproportionately benefit the wealthiest households.

The data presented in Table 5.1 reveal persistent and structurally high levels of wealth concentration in both the United States and Europe. Throughout the entire period considered, the United States displays substantially higher wealth concentration than Europe, particularly within the top 10% and top 1% of the population.

The data also suggest that wealth concentration remained relatively stable at very high levels after 2010, rather than continuously accelerating. This finding supports the interpretation that inequality in advanced economies is not only driven by short-term fluctuations but also by persistent structural mechanisms related to capital accumulation and asset ownership.

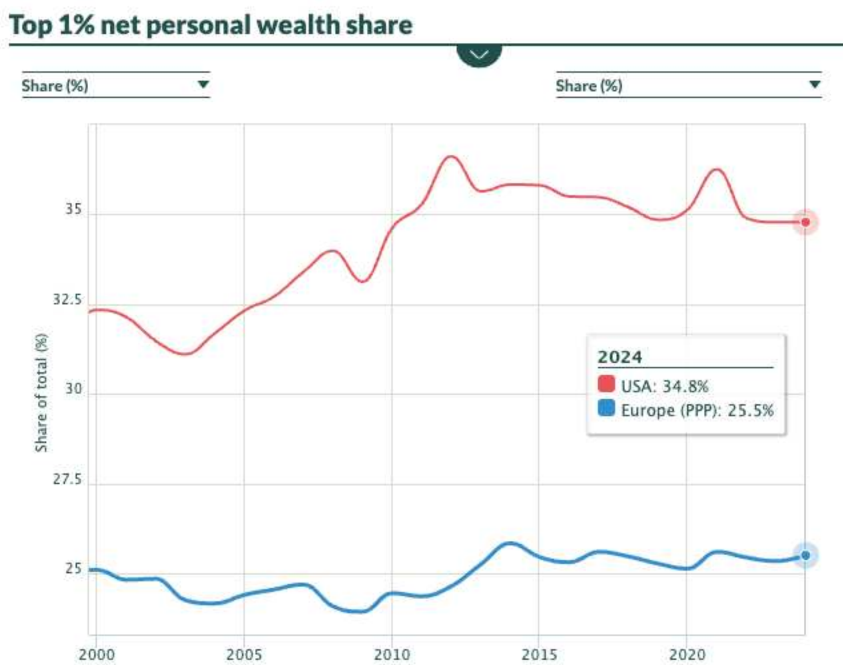
Overall, the data show that economic inequality remains a significant and persistent phenomenon, although with varying intensity and characteristics depending on the geographical areas considered. Globally, a trend towards greater wealth concentration is observed, while income inequality appears more heterogeneous and strongly influenced by national institutions.

5.3 Global Trends in Inequality from 2000 to Today

Since the early 2000s, global inequality has shown contrasting trends. On the one hand, inequality between countries is decreasing, thanks to the sustained growth of some emerging economies, particularly in Asia. On the other hand, inequality within countries is increasing in many advanced economies, confirming evidence from recent literature.

This trend is consistent with Milanovic's analysis, but also with Piketty's interpretation, according to which globalisation and the liberalisation of financial markets can favour the concentration of income and wealth in the upper echelons of the distribution. In particular, data on the share of wealth held by the top income groups show persistent concentration dynamics in many advanced economies, suggesting increasing polarisation in the distribution of economic resources.

Figure 5. 1 Share of wealth held by the top 1% in the United States and Europe (2000–2024)



Source: World Inequality Database (WID, 2025)

Figure 5.1 illustrates the persistent concentration of wealth within the top 1% of the population in both the United States and Europe. The United States consistently displays substantially higher concentration levels, while Europe shows comparatively lower but still significant wealth concentration. These findings support Piketty's argument that wealth accumulation tends to reinforce structural inequality over time.

Overall, the period from 2000 to today does not highlight a spontaneous convergence in income distribution, but rather a plurality of national trajectories, strongly influenced by institutional and political factors.

5.4 Comparison between geographical areas

5.4.1 Europe

In Europe, income inequality has grown moderately since 2000, with significant differences across countries. The Gini coefficient generally remains lower than in the United States, reflecting relatively robust welfare systems and greater tax progressivity.

Recent OECD data show that Gini coefficients in major European economies such as Germany, France, and Italy generally remained between 0.30 and 0.35 during the last two decades, while the United States consistently recorded substantially higher values above 0.40. For example, in 2024, Germany recorded a Gini coefficient of 33.7, France 31.8, and Italy 34.3, compared to 41.8 in the United States. These differences reflect the stronger redistributive capacity of European welfare systems and more progressive fiscal structures. (OECD, 2025)

However, even within Europe, there has been an increase in the concentration of higher incomes, particularly in the top 10%. Wealth inequality is more pronounced than income inequality, highlighting how wealth tends to be concentrated even in economies characterised by strong social protection. Northern European countries show lower levels of inequality, while Southern and Eastern European countries show higher values and greater vulnerability to economic shocks.

5.4.2 United States

In the United States, data show a significant increase in inequality, both in income and wealth. The share of income held by the top 1% grew substantially over the period under consideration, reaching levels comparable to those observed at the beginning of the twentieth century. Wealth concentration was also particularly high, with a significant share held by a small elite.

Recent empirical evidence confirms that wealth concentration in the United States has remained at historically elevated levels since the 1980s. According to Saez and Zucman (2016), the top 1% controls a disproportionately large share of total private wealth, reflecting the increasing importance of financial assets, capital gains, and inherited wealth in the American economy.

This evidence is consistent with Piketty's interpretation and the notion of the "Great Divergence" illustrated in the previous chapter. The reduction in tax progressivity, the deregulation of financial markets, and the weakness of redistributive policies have contributed to strengthening the $r > g$ dynamic, favouring capital accumulation at the top end of the distribution.

The rapid expansion of financial markets and rising asset prices further strengthened cumulative wealth accumulation mechanisms, disproportionately benefiting households already holding substantial capital assets. These developments contributed to reinforcing the structural dynamics described by Piketty’s $r > g$ framework.

5.4.3 Asia and Africa

Inequality trends in Asia and Africa remain highly heterogeneous and strongly dependent on institutional and developmental factors. In several Asian economies, particularly China and India, rapid economic growth contributed to substantial poverty reduction but also generated increasing internal inequalities, especially between urban and rural populations. In Africa, inequality levels remain generally high and are often associated with structural constraints, unequal access to education and financial resources, and the persistence of informal economic systems. Compared to the United States and Europe, data availability for wealth inequality remains more limited, making long-term comparative analysis more difficult.

5.5 The Impact of the 2008 Financial Crisis

The 2008 global financial crisis represents a significant event in the evolution of inequality. In advanced countries, the crisis had differing effects on income and wealth distribution. In the short term, the recession hit labour income more severely, while financial assets benefited from a rapid recovery, supported by expansionary monetary policies.

In particular, low interest rates and quantitative easing policies implemented by central banks contributed to the rapid recovery of financial markets and real estate prices after the crisis. Since the ownership of financial and housing assets is highly concentrated among wealthier households, these policies indirectly reinforced wealth inequality in many advanced economies.

Consequently, many countries have seen an increase in wealth inequality in the post-crisis period. This trend is consistent with Piketty's analysis, according to which financial crises, in the absence of adequate redistributive policies, can reinforce the concentration of capital.

The post-crisis period therefore, highlighted the growing importance of asset ownership in shaping distributional outcomes. While labour income recovered more slowly following the recession, capital owners benefited disproportionately from rising stock market valuations and asset appreciation.

In Europe, the impact of the crisis was partly mitigated by welfare systems, while in the United States, inequality increased more.

This divergence between the recovery of labour income and the recovery of capital assets further strengthened the structural mechanisms described by Piketty's framework.

5.6 The Covid-19 Pandemic and Recent Dynamics

The Covid-19 pandemic has represented an extraordinary economic and social shock. The most recent data suggest that the impact on inequality has been asymmetric. On the one hand, the income support measures adopted by many governments have temporarily contained the rise in income inequality. On the other hand, the strong growth of financial markets has contributed to a further increase in wealth concentration.

During the pandemic, major technology companies and financial markets experienced exceptionally strong growth, generating substantial increases in the wealth of high-net-worth individuals. This phenomenon was particularly evident in the United States, where the market capitalisation of large digital corporations increased rapidly during the post-pandemic recovery period.

This phenomenon once again highlights the difference between income and wealth inequality. While the first can be influenced in the short term by fiscal policies and transfers, the second tends to be more persistent and less sensitive to short-term interventions.

The pandemic, therefore, accelerated pre-existing inequality dynamics rather than creating entirely new forms of wealth concentration. In particular, households already owning financial assets and real estate benefited disproportionately from the rapid recovery of asset prices following the initial economic shock.

These developments further support Piketty’s argument that capital ownership plays a central role in shaping long-term inequality dynamics within advanced capitalist economies.

5.7 Differences between Income and Wealth Inequality

One of the most notable findings of the empirical analysis is the divergence between the trends in income inequality and wealth inequality. In many countries, the income Gini coefficient remains relatively stable, while wealth concentration continues to increase.

Figure 5. 2Table Income concentration in the United States and Europe (2000–2024)

Year	Top 10% share	Top 1% share	Top 10% share	Top 1% share
2000	42,73%	17,34%	35,78%	11,07%
2010	43,81%	17,89%	36,13%	11,64%
2020	44,61%	18,17%	36,33%	11,99%
2024	46,76%	20,73%	36,34%	12,14%

Source: Author's elaboration based on World Inequality Database (WID, 2025)

Table 5.2 shows that income concentration increased in both the United States and Europe between 2000 and 2024, although the magnitude of the increase differs substantially across regions.

In the United States, the share of national income received by the top 10% increased from 42.73% to 46.76%, while the share received by the top 1% rose from 17.34% to 20.73%. This corresponds to increases of approximately 9.4% and 19.6%, respectively.

In Europe, income concentration remained considerably lower and more stable. The share of income received by the top 10% increased only from 35.78% to 36.34%, while the top 1% share rose from 11.07% to 12.14%.

Comparing these results with the wealth concentration indicators presented in Table 5.1 reveals an important difference. Income inequality increased over the period considered, particularly in the United States, but wealth inequality remained substantially higher in both regions. This suggests that the accumulation of assets and capital ownership continues to represent the primary drivers of long-term economic inequality, supporting one of the central arguments of Piketty's framework.

This divergence suggests that income-based indicators alone may underestimate the real extent of economic inequality in advanced economies. While labour income can be partially redistributed through taxation and welfare systems, wealth accumulation tends to generate cumulative and intergenerational advantages that are more difficult to offset through short-term policy interventions.

This gap is central to Piketty's interpretation. Wealth, being accumulable and transmissible intergenerationally, tends to concentrate more easily than income.

Wealth inequality is reinforced not only through inheritance mechanisms but also through unequal access to financial markets, investment opportunities, and appreciating assets such as real estate and equities. As a result, households already possessing capital are more likely to benefit from long-term asset appreciation and compounding returns.

Consequently, analysing income inequality alone risks underestimating the intensity of the distributional dynamics at work.

This distinction between income inequality and wealth inequality represents one of the central insights of Piketty’s framework and supports the argument that capital ownership remains a key determinant of long-term economic inequality.

5.8 Conclusion

The analysis of data from 2000 to the present largely confirms the trends identified by Piketty in his historical analysis. In particular, a growing concentration of wealth and rising inequality emerge in advanced countries, especially in the United States.

The comparison between the United States and Europe demonstrates the importance of institutional arrangements and redistributive policies in shaping inequality outcomes. While European welfare systems partially mitigated wealth concentration dynamics, the United States experienced substantially stronger increases in wealth inequality and top wealth shares.

Regional differences and the impact of economic shocks highlight the crucial role of institutions and public policies in shaping distributional dynamics.

Overall, the empirical evidence analysed in this chapter broadly confirms the research hypotheses introduced in Chapter 1. In particular, the persistence of wealth concentration, the structural advantages associated with capital ownership, and the divergence between the United States and Europe all support the continued relevance of Piketty's analytical framework in the contemporary context.

This chapter, therefore provides the empirical foundation for the final assessment developed in the following chapters regarding the contemporary relevance, limitations, and policy implications of Piketty's theory of inequality.

Chapter 6 – Piketty’s Theory and Contemporary Empirical Evidence

6.1 Introduction

The comparison between Thomas Piketty's theoretical model and the most recent empirical evidence represents the critical core of this thesis. After reconstructing the historical evolution of inequality and analysing contemporary data, this chapter aims to assess the extent to which the predictions contained in Capital in the Twenty-First Century are confirmed in the current economic context.

The objective is not to test the validity of the model in a deterministic sense, but rather to analyse the degree of consistency between the $r > g$ relationship and the dynamics observed from 2000 to the present, distinguishing between areas of strong confirmation, areas of partial consistency, and emerging phenomena not fully anticipated by Piketty's theoretical framework. In particular, attention is focused on the role of digitalisation, the growing market power of large technology platforms, and the transformation of labour markets through the expansion of the "gig" economy.

Recent academic debates have increasingly emphasised that the relevance of Piketty’s framework lies less in its formulation as a strict economic law and more in its capacity to capture structural tendencies of modern capitalism. Recent empirical contributions highlight how wealth accumulation mechanisms may generate cumulative advantages that disproportionately benefit individuals already holding capital assets, reinforcing barriers to economic mobility. Rather than invalidating Piketty’s approach, methodological critiques have therefore shifted the discussion toward identifying the institutional and technological channels through which inequality persists in contemporary economies.

Overall, these findings broadly support the research hypotheses introduced in Chapter 1, particularly regarding the persistence of wealth concentration dynamics and the structural advantages associated with capital ownership in advanced economies.

6.2 Correspondence between Piketty's predictions and observed trends

Overall, the analysis of recent data confirms many of Piketty's central insights. In particular, a persistent trend toward wealth concentration emerges, especially in advanced economies, consistent with the prediction that, in the absence of strong redistributive mechanisms, returns on capital tend to overtake economic growth.

Data on the share of wealth held by the top 1% and top 10% show a significant increase in the United States and, to a lesser extent, in Europe.

This trend is consistent with the $r > g$ dynamic, especially in a context characterised by moderate growth, low real interest rates, and strong appreciation of financial and real estate assets. The divergence between income inequality and wealth inequality, highlighted in previous chapters, also reinforces Piketty's interpretation that wealth tends to concentrate more rapidly and persistently than income.

Furthermore, the reduction in tax progressivity and the weakening of redistributive policies observed in many countries since the 1980s are consistent with the increase in inequality predicted by the model.

In this sense, the contemporary empirical framework confirms Piketty's idea that inequalities do not decline spontaneously, but are largely dependent on political and institutional choices.

This interpretation is increasingly supported by recent empirical literature suggesting that wealth accumulation generates self-reinforcing dynamics through financial markets, asset price inflation, and unequal access to investment opportunities. Individuals with existing capital benefit not only from higher returns but also from reduced exposure to economic shocks and improved access to credit and high-return assets. As a result, economic growth alone does not necessarily reduce inequality, since the mechanisms through which wealth expands remain unevenly distributed across the population.

6.3 Areas where the r > g theory remains valid

The r > g relationship proves particularly effective in explaining the dynamics of wealth inequality. In countries where capital is highly concentrated and easily accumulated, such as the United States, returns on financial and real estate capital have systematically outpaced average income growth, reinforcing wealth concentration.

Another area where Piketty's theory maintains strong explanatory power is intergenerational inequality. The growing importance of inheritances and wealth transfers, documented by data from the World Inequality Database, suggests a return to dynamics similar to those of 19th-century patrimonial societies. In this context, individuals' economic position increasingly depends on family wealth, rather than earned income, confirming one of Piketty's key concerns.

Finally, the r > g theory is particularly relevant in contexts characterised by low economic growth. In mature economies, where growth potential is limited, even relatively moderate returns to capital can generate strong distributional effects, widening the gap between capital owners and the rest of the population.

Classical debates on capital accumulation have long suggested that unequal ownership of productive assets can lead to persistent distributional imbalances, even in competitive market systems. Contemporary evidence appears consistent with this perspective, as capital income increasingly represents a decisive factor in determining long-term economic positioning. The persistence of these dynamics supports the interpretation of inequality as a structural outcome rather than a temporary deviation from equilibrium.

6.4 Elements Not Fully Predicted by Piketty's Model

Despite its interpretive power, Piketty's model has some limitations in fully capturing the most recent transformations of capitalism. Among these, the digitalisation of the economy plays a central role.

6.4.1 Digitalisation and New Forms of Accumulation

Digitalisation has introduced new ways of creating and concentrating value, often characterised by near-zero marginal costs and strong network effects.

In this context, rents derive not exclusively from traditional physical or financial capital, but also from the control of data, algorithms, and digital platforms. These elements are not always easily reducible to Piketty's definition of capital, making the direct application of the r > g relationship more complex.

The speed with which some digital companies have accumulated enormous market capitalisations suggests that the mechanisms of concentration may be even more intense than those observed in industrial capitalism, but follow partially different logics.

6.4.2 Market Power of Big Tech

Another element not fully anticipated by Piketty's model is the growing market power of large technology platforms. The big tech firms often operate in markets characterised by high barriers to entry, monopolistic or oligopolistic positions, and the ability to influence both prices and working conditions.

In this context, the concentration of wealth is explained not only by the return on capital in the strict sense but also by the extraction of monopoly rents. This suggests that contemporary inequality is fueled not only by the r > g dynamic, but also by a growing concentration of economic power and weak antitrust policies.

6.4.3 Expansion of the "gig" economy and transformation of work

The expansion of the "gig" economy represents a further factor disrupting the traditional capital-labour model. The spread of flexible and precarious forms of work has contributed to a greater polarisation of labour incomes, accentuating the vulnerability of large segments of the population.

The diffusion of temporary and platform-based employment has also weakened income stability and reduced access to traditional forms of social protection, particularly among younger and lower-income workers.

This phenomenon primarily affects income inequality, rather than wealth inequality, and suggests that some contemporary distribution dynamics are attributable to transformations in labour markets rather than capital accumulation alone. In this sense, Piketty's model, while providing a useful framework, does not exhaust the complexity of current inequalities.

6.5 The Relevance of the Piketty Model

In light of the empirical evidence and emerging phenomena analysed, Piketty's model can be considered largely valid but not exhaustive. The $r > g$ relationship remains a fundamental interpretative key to understanding wealth concentration and long-term inequality, especially in advanced countries. However, it must be integrated with other theoretical approaches to fully grasp the dynamics of contemporary capitalism.

In particular, the analysis suggests the need to consider the role of market power, technological innovation, and labour transformations, elements that interact with the $r > g$ dynamic but are not fully explained by it. Furthermore, the regional heterogeneity observed in contemporary data indicates that institutions and public policies continue to play a crucial role in shaping distributional outcomes.

A broader interpretation emerging from the empirical analysis is that contemporary inequality cannot be understood solely as a distributional issue, but also as a constraint on economic dynamism. When access to capital, education, and investment opportunities becomes increasingly dependent on pre-existing wealth, economic systems risk limiting innovation and social mobility. In this sense, inequality may not only represent an outcome of economic processes but also a factor capable of slowing long-term economic progress by restricting the effective participation of large segments of the population.

This perspective suggests that modern capitalism may be characterised by a divergence in economic capabilities: while capital owners benefit from cumulative and compounding advantages, wage-dependent individuals face structural constraints that reduce their capacity to accumulate assets. The empirical trends observed from 2000 onwards therefore reinforce the hypothesis that wealth concentration represents both a distributive and a developmental challenge.

6.6 Conclusion

A comparison of Piketty's theoretical model with current data highlights substantial consistency between the author's predictions and observed trends, particularly regarding wealth concentration and the role of redistributive policies. At the same time, the emergence of new forms of accumulation and inequality suggests the need to update and broaden the theoretical framework.

In conclusion, while Piketty’s framework does not fully capture all dimensions of contemporary capitalism, the comparison between theory and recent empirical evidence suggests that the fundamental tendency toward wealth concentration remains highly relevant. Even when accounting for methodological critiques, current inequality dynamics indicate that access to capital continues to shape economic opportunities unevenly, contributing to an expanding gap between wealth holders and the broader population.

Chapter 7 – Conclusion and Political Implications

7.1 Summary of main findings

This thesis analysed the evolution of economic inequality in contemporary capitalism using the theoretical framework developed by Thomas Piketty in *Capital in the Twenty-First Century* as its starting point. Through an integrated approach combining theoretical discussion, historical reconstruction, and empirical analysis of recent data, the study assessed whether current inequality dynamics remain consistent with the mechanisms identified by Piketty.

The empirical analysis revealed three particularly relevant findings.

First, wealth concentration remained persistently high throughout the period 2000–2024. In the United States, the share of wealth held by the top 1% increased from 32.34% to 34.78%, while the top 10% controlled almost 70% of total wealth by 2024. In Europe, wealth concentration remained lower but still substantial, with the top 10% holding approximately 60% of total wealth and the top 1% around 25%.

Second, wealth inequality proved significantly more persistent than income inequality. While income concentration increased moderately over the period considered, wealth remained considerably more concentrated, confirming that capital ownership continues to generate cumulative economic advantages over time.

Third, the comparison between Europe and the United States highlighted the importance of institutional factors. Countries characterised by stronger redistributive systems and welfare institutions generally displayed lower levels of inequality, suggesting that policy choices play a significant role in shaping distributional outcomes.

The results suggest that wealth inequality has become a structural and persistent characteristic of advanced economies. Historical analysis demonstrated that significant reductions in inequality were primarily associated with exceptional shocks or strong institutional interventions rather than spontaneous market adjustments. Empirical evidence from 2000 onwards indicates a renewed phase of wealth concentration consistent with the dynamics described by the “Great Divergence.”

More importantly, the findings highlight that inequality is not only increasing in quantitative terms but also changing qualitatively. Access to capital, investment opportunities, and high-return assets remains unevenly distributed, generating cumulative advantages for wealth holders. As a consequence, wealth inequality appears increasingly self-reinforcing, shaping individuals’ economic opportunities and long-term prospects.

Comparative analysis across geographical areas confirmed regional differences, with Europe showing more moderate increases than the United States, yet displaying similar structural tendencies. Across all contexts examined, wealth inequality proved more persistent than income inequality, supporting the interpretation that capital accumulation plays a decisive role in contemporary distributional dynamics.

7.2 Evaluation of Research Hypotheses

To provide a clearer overview of the empirical evidence used throughout the thesis, Table 7.1 summarises the indicators, data sources, and findings used to evaluate the research hypotheses introduced in Chapter 1.

Table 7. 1 Evaluation of Research Hypotheses: Indicators, Sources, and Main Findings

Hypotheses	**Indicator Used**	**Sources**	**Main Evidence**	**Evaluation**
H1 Wealth Concentration	Top 1%, Top 10% wealth share	WID	Wealth concentration remained high.	Confirmed
H2 Capital Ownership	Wealth vs income concentration	WID; OECD	Wealth inequality exceeds income inequality.	Confirmed
H3 Economic Transformation	Digitalisation, financialisation, Big Tech and gig economy	Academic literature; OECD; IMF	New forms of accumulation but concentration persist.	Supported by the literature (not directly tested empirically)
H4 Institutional Mediation	Gini coefficient; Europe vs United States	OECD; Eurostat; WID	Institutions influence inequality outcomes.	Confirmed

Source: Author's elaboration based on OECD (2025), Eurostat (2025), World Inequality Database (2025), IMF (2023), and the literature reviewed in Chapters 2 and 6.

Table 7.1 summarises the empirical indicators, data sources and main findings used to evaluate the research hypotheses. Overall, the evidence supports all four hypotheses, although the intensity of inequality dynamics varies across regions and institutional contexts.

The following sections discuss each hypothesis in greater detail, linking the empirical findings presented in previous chapters to the theoretical framework developed throughout the thesis.

H1 – Persistence of Wealth Concentration

The evidence supports H1 in the sense that wealth concentration remained persistently high throughout the period considered. The increase was more pronounced in the United States, while Europe experienced only modest changes. Therefore, the findings suggest persistence rather than a substantial acceleration of wealth concentration.

H2 – Structural Advantage of Capital Ownership

The findings also confirm that access to capital generates cumulative economic advantages. Wealth holders benefit disproportionately from asset appreciation, financial market expansion, and intergenerational wealth transfers, reinforcing long-term inequality dynamics.

H3 – Transformation but Not Disappearance of Inequality Dynamics

The literature reviewed in this thesis suggests that recent economic transformations, including digitalisation, financialisation, and labour market changes, have modified the mechanisms through which inequality develops. Although this hypothesis is not directly tested through the empirical analysis, existing research indicates that these transformations have altered, rather than eliminated, the structural tendency towards wealth concentration identified by Piketty.

H4 – Institutional Mediation of Inequality

Comparative evidence between Europe and the United States strongly supports the hypothesis that institutions and public policies significantly influence inequality outcomes. Countries characterised by stronger redistributive systems and welfare institutions generally display lower levels of inequality than less regulated market economies.

7.3 Confirmations and Limitations of the Piketty Model

In light of the empirical evidence analysed, Piketty's model finds broad confirmation, but it also presents significant limitations. The relationship r > g proves to be an effective interpretative key to explaining the growing concentration of wealth, especially in contexts characterised by low economic growth, high financialisation, and limited tax progressivity. The data relating to the share of wealth held by the top 1% and the top 10% confirm that, in the absence of strong redistributive policies, capital tends to progressively concentrate.

However, the analysis also highlighted that Piketty's model does not exhaust the complexity of contemporary inequalities. In particular, some phenomena that have emerged in recent decades, such as the digitalisation of the economy, the concentration of market power in large technology platforms, and the transformation of labour markets, cannot be fully explained by the r > g dynamic alone. These elements suggest that current inequality is the result of the interaction between capital accumulation, technological innovation, and institutional arrangements.

Therefore, Piketty's contribution can still be considered highly relevant, but must be integrated with other theoretical approaches to provide a complete representation of 21st-century distributional dynamics.

Rather than invalidating Piketty’s framework, these limitations suggest the need to reinterpret it as a structural tendency rather than a deterministic law. The empirical analysis conducted in this thesis indicates that even when new economic forces are considered, the unequal distribution of capital ownership continues to shape economic outcomes. In this sense, contemporary developments appear to reinforce the broader intuition underlying Piketty’s work: economic systems characterised by unequal access to capital tend to reproduce and amplify inequality over time.

7.4 Policy Implications: Why Inequality is a Choice

One of the central aspects of Piketty's work, and one of the strongest messages emerging from this thesis, is that inequality is not an inevitable outcome of capitalism, but the result of political and institutional choices. Historical and contemporary evidence clearly shows that levels of inequality vary significantly across countries with similar economic structures but different public policies.

The policy implications of the analysis are therefore significant: if inequality is the product of collective decisions, it can be countered through appropriate policy instruments. In this context, this chapter discusses some of the main proposals for intervention, inspired both by Piketty's work and the broader economic literature.

The empirical findings of this thesis further suggest that inequality may also influence economic efficiency and long-term development. When large segments of the population face structural barriers to asset accumulation, the allocation of talent and productive potential may become distorted. Inequality, therefore, emerges not only as a distributive concern but also as a factor capable of constraining innovation, social mobility, and inclusive economic growth.

7.5 Progressive Taxation and Global Coordination

One of Piketty's most discussed and controversial proposals concerns the introduction of a progressive wealth tax, ideally coordinated at the international level. Empirical analysis suggests that the reduction in tax progressivity observed in recent decades has significantly contributed to the growth of inequality.

Effective progressive taxation would limit the excessive accumulation of large fortunes, reducing the $r > g$ dynamic, and finance redistributive policies and public investments. However, implementing such measures requires a high degree of international cooperation to prevent tax evasion and competition between states. Although complex, this perspective appears increasingly relevant in a globalised economy.

7.6 Investment in Education and Strengthening Welfare

Alongside progressive taxation, the analysis emphasises the importance of investments in education and welfare as fundamental tools for reducing long-term inequality. Education plays a crucial role in promoting social mobility and reducing inequalities of opportunity, while inclusive welfare systems help stabilise incomes and protect the most vulnerable groups.

Comparative data show that countries with more developed welfare systems tend to have lower levels of inequality, confirming the effectiveness of such policies. In this sense, strengthening the welfare state represents not only a redistributive choice but also an investment in human capital and social cohesion.

7.7 Digital Market Regulation and Market Power

A particularly relevant area of intervention, emerging from the critical analysis of Piketty's model, concerns digital market regulation. The growing concentration of economic power in large technology platforms contributes to inequality through the extraction of monopoly rents and the precarization of labour.

More effective antitrust policies, regulation of data use, and greater protection for gig economy workers could help limit these effects. In this context, inequality is not only a question of income and wealth distribution, but also of economic power distribution.

These developments indicate that contemporary inequality increasingly reflects disparities in economic power as much as disparities in income or wealth. Regulation aimed at preserving competitive markets may therefore represent a central complement to redistributive policies in addressing modern inequality dynamics.

7.8 Research Limitations

Despite the careful selection of sources and the construction of the empirical analysis, this thesis has some limitations. First, the availability and comparability of wealth data remain problematic, especially for non-Western countries. Estimates for the wealthiest groups are subject to margins of error related to tax evasion and the difficulty of measuring financial assets.

Second, the methodological approach adopted, based primarily on descriptive and comparative analyses, does not allow for the establishment of precise causal relationships between economic variables and levels of inequality. Finally, the choice to focus on the period 2000–present, while consistent with the objectives of the thesis, limits the ability to analyse some longer-term dynamics.

7.9 Suggestions for Future Research

In light of these limitations, several suggestions for future research emerge. First, studies that integrate econometric analyses could further explore the causal link between fiscal policy, economic growth, and inequality.

Second, a more detailed analysis of the role of digitalisation and market power could help update Piketty's theoretical framework.

Finally, comparative research on emerging and developing countries could broaden the global perspective of the analysis by verifying the validity of the $r > g$ model in different institutional contexts.

7.10 Conclusion

In conclusion, this thesis demonstrates that Piketty's contribution remains essential for understanding the dynamics of inequality in the twenty-first century, not because it provides a definitive or exhaustive model, but because it identifies a structural tendency within modern capitalism. The comparison between theoretical predictions and recent empirical evidence suggests that wealth accumulation continues to generate cumulative advantages for capital owners, contributing to a widening gap between those with access to capital and those primarily dependent on labour income.

Even when accounting for methodological critiques and new economic transformations such as digitalisation and changing labour markets, contemporary data indicate that inequality does not diminish automatically through economic growth. Instead, it evolves alongside institutional arrangements, technological change, and policy decisions.

Overall, the evidence examined in this thesis suggests that the core mechanisms identified by Piketty remain highly relevant in contemporary economies. Wealth concentration has persisted or increased across advanced economies, particularly in the United States, while Europe has experienced more moderate but still significant concentration dynamics. Furthermore, the analysis confirmed that wealth inequality remains substantially higher than income inequality and that institutional arrangements continue to influence the extent to which inequality develops.

Ultimately, the findings support the interpretation that inequality is neither accidental nor inevitable, but deeply embedded in economic structures and political choices. Addressing it therefore requires not only redistributive measures but also policies aimed at expanding access to economic opportunities, limiting excessive concentrations of economic power, and fostering inclusive long-term development.

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