

Ufficio Stampa della Provincia autonoma di Trento

Piazza Dante 15, 38122 Trento

Tel. 0461 494614 - Fax 0461 494615

uff.stampa@provincia.tn.it

COMUNICATO n. 1391 del 02/06/2015

One of the most authoritative critics of Piketty's theory is Wasmer, Professor at Sciences Po Paris

ÉTIENNE WASMER: "TAXATION OF CAPITAL? UTOPIA"

So what about Thomas Piketty's economic bestseller? "The conclusions are invalidated by the way in which real estate, namely housing, is counted in the calculation of assets". The French economist Étienne Wasmer, Professor at Sciences Po Paris and co-editor of "Labour Economics", does not agree with the author of "Capital in the 21st century" and with his theory regarding the increasing disparity of wealth taking place in Europe in the last 25 years.

"Taxation of capital is utopian, it has no future. We should rather concentrate on income", concluded Wasmer, introduced at Trento Festival of Economics at the session in the Law Faculty of the University of Trento by the journalist Stefano Feltri, economics leader writer for "Il Fatto Quotidiano".-

"We were the first to reflect in depth on Piketty's book and on the share of capital represented by housing. The prices of houses have tripled in France from the 1990s to the present day, but this does not mean that the gap between the rich and the poor has increased", affirmed Étienne Wasmer. According to the French economist, speaking this afternoon at Trento Festival of Economics, the correct way to quantify wealth in terms of houses is to calculate how much they yield, not how much they are worth. It is income, not market value, that determines the dynamic trend in the difference of wealth.

So is this a niche debate for a few economists? Not at all. Measuring capital at market prices, as Piketty does for example, or measuring it using the market rental price, in short by considering rent as the only factor making up part of a person's wealth, leads to essential differences in the system of taxation.

Should housing be taxed? Everyone does it, but if its value increases in an exponential manner in a few years, as has taken place in most European countries, with the exception of Germany, should taxes on that property also increase in a similar manner?

"Inheritance should be taxed, namely at the moment that an asset passes into the hands of the heirs, not the asset as such" suggested Wasmer, who at the end of his presentation also went further: "Taxation of capital is utopian, it has no future. We should rather concentrate on income in order to influence the gap in wealth within our societies". -

()