

# Piketty's 1<sup>st</sup> Law of Capitalism

- $\alpha = r \times \beta$
- $\alpha$  = capital income
- $r$  = rate of return on capital
- $\beta$  = capital/income ratio
- If  $r$  is 5 and  $\beta$  is 6 (or 600%),  $\alpha = 30\%$