Piketty’s 1st Law of Capitalism

• $\alpha = r \times \beta$

• $\alpha = \text{capital income}$

• $r = \text{rate of return on capital}$

• $\beta = \text{capital/income ratio}$

• If $r$ is 5 and $\beta$ is 6 (or 600%), $\alpha = 30\%$