Comment on Piketty (2011) "On the Long-Run Evolution of Inheritance: France 1820–2050"
François Geerolf, OFCE and CEPR

In a ground-breaking and highly influential QJE paper, Piketty (2011) has argued that the annual flow of inheritance in France now amounts to nearly 15% of GDP—up sharply from just 4% of GDP in the 1970s. These now famous estimates on "annual inheritance flows" have been used extensively in *Capital in the Twenty-First Century* (Piketty, 2014), as well as in numerous follow-up academic studies, such as the handbook chapter by Piketty and Zucman (2015) and Alvaredo, Garbinti, and Piketty (2017), to support the claim that inherited wealth is now becoming a dominant force for wealth accumulation[1]. It now has become common knowledge that relative comfort is determined today by inherited wealth nearly as much as by one's own success at work. On March 1, 2025, The *Economist* has reported on "the return of inheritocracy", based on these academic estimates. In France, this idea has recently gained further traction, notably through a very influential 2021 policy report published by the French Council of Economic Advisors (Dherbécourt et al., 2021), which, again based on Piketty (2011), asserts that "the total inheritance flow now represents more than 15% of GDP, or 300 billion euros", and based on Alvaredo, Garbinti, and Piketty (2017), that "inherited wealth now accounts for 60% of total wealth in France—compared to just 35% in the 1970s".

In this comment, I show that these figures are very strongly biased upward, and that Piketty (2011) paints way too dark a picture. Both the level and the rise of inheritance flows have been overestimated, perhaps by a factor of 2. The paper contains many inaccuracies about the French system and about French bequest and gift data, as well as some very problematic methodological choices. First, contrary to the paper's claims, all estimates rely on very fragile gift data even for the very recent past, which clearly overstate the long-run, steady-state importance of gifts. Second, accounting for non-filers and tax-exempt assets is done in way too generous a way: for example, the paper assumes there is a possibility of not filing taxes for gift data when one is below the threshold, which is incorrect, that 20% of real estate is tax-exempt, while it only applies to surviving spouses, that 10% of financial assets are tax-exempt, which is not true nowadays, etc. Finally, there are many other issues with the paper, which all go in the direction of overestimating the importance of inheritance and gift flows. As a consequence, the share of inherited wealth also is overestimated and it is not true that inherited wealth now accounts for 60% of total wealth.

Very fragile gift data, driven by tax incentives

The upward trend in gifts post-2000 is in fact estimated out of a single very fragile data point – in 2006. During this year, Nicolas Sarkozy was minister of finance, and had put in place a very generous and favorable cash regime. Moreover, the number of years of recall was shortened from 10 year to 6 year which means that families whom had previously given money to their children 7, 8, 9 or 10 years before were now able to give again. Finally, the threshold for giving was increased one more time. Before an election year in 2007, where Ségolène Royal, the leftwing candidate, was running, many families wanted to take advantage of this special gift regimes.

[1] In fact, even absent this bias in the measurement of inheritance flows, the share of inheritance in total wealth would also be overestimated according to the methodology in Piketty and Zucman (2015) as well as in Alvaredo, Garbinti, and Piketty (2017). This is a topic for a companion comment. (Geerolf, 2025)

There is simply no reason to believe that one can extrapolate out of this single data point.

Estimates in Piketty (2011) rely very heavily on gift data, and on what he calls the gift/bequest ratio. Piketty (2011) argues that gifts are not primarily driven by fiscal incentives, but they are.

“The gift-bequest ratio v_t rose enormously since the 1950s. The gift-bequest ratio was about 20–30% in the 1950s–1960s, and then gradually increased to about 40% in the 1980s, 60% in the 1990s, and over 80% in the 2000s.”

Key is footnote 43: “The upward trend in gifts started before new tax incentives in favor of gifts were put in place in the late 1990s and 2000s, so it is hard to identify the tax incentive effect per se. The most plausible interpretation for the large rise of gifts seems to be the rise of life expectancy (parents realize that they are not going to die very soon, and decide they should help their children more before they die). In any case, gifts are probably less well reported than bequests to the tax administration, so it is hard to see how our tax data–measured vt ratio can be overestimated.”

More precisely, the only data to estimate a high gift-bequest ratio

The gift-bequest ratio is used both in the fiscal flow, but also in the economic flow…

This important graph is also shown in Piketty’s book Chapter 11 “Merit and Inheritance in the long run”, as Figure 11.1. It is indicated: “Economic flow (computed from national wealth estimates, mortality table, and age-wealth profile)”. Piketty’s *Capital* also argues: « Second, and even more important, the wealth of French historical sources allows us to calculate inheritance flows in two different ways, using data and methods that are totally independent. What we find is that the two evolutions shown in Figure 11.1 (which I have labeled “fiscal flow” and “economic flow”) are highly consistent, which is reassuring and demonstrates the robustness of the historical data. » This, in Piketty (2014) “The second method (“economic flow”) has the advantage of not relying on tax data and therefore giving a more complete picture of the transmission of wealth, independent of the vagaries of different countries’ tax systems.” But this statement is simply not true, as is clear from inspection of equation (1’) in Piketty:

$$\frac{B_t}{Y_t} = \mu_t^* \, m_t \frac{W_t}{Y_t}$$

$$\frac{B_t}{Y_t} = \mu_t \, (1 + v_t) \, m_t \frac{W_t}{Y_t}$$

where:

$$v_t = \frac{V_t^{f0}}{B_t^{f0}} = \frac{\text{raw fiscal gift flow}}{\text{raw fiscal bequest flow}}$$

The “economic flow”, just as the fiscal flow, therefore heavily relies on tax data and more particularly, an estimate of the raw fiscal gift flow. This is in fact stated in page 1088: “Equation

1′ simply uses the observed, fiscal gift bequest ratio during year t and upgrades the economic inheritance flow accordingly.”

The problem is that the age-wealth profile is computed as well using bequest and gift tax data, so that it is misleading to say as Piketty “fully independently”. The legends of the graphs are misleading first…

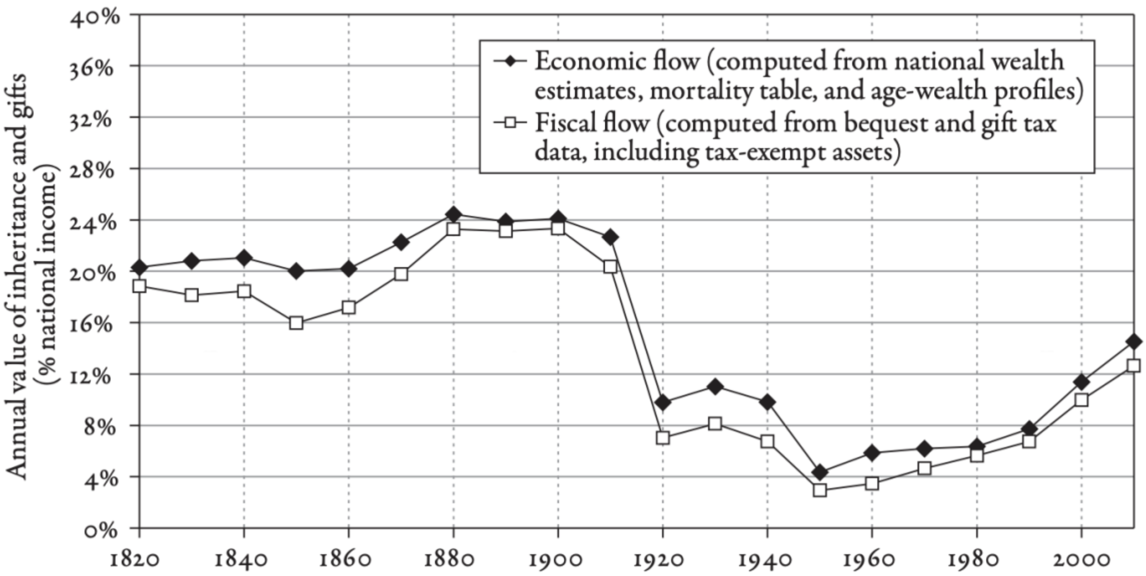

FIGURE 11.1. The annual inheritance flow as a fraction of national income, France, 1820–2010

The annual inheritance flow was about 20–25 percent of national income during the nineteenth century and until 1914; it then fell to less than 5 percent in the 1950s, and returned to about 15 percent in 2010.
Sources and series: see piketty.pse.ens.fr/capital21c.

“Annual value of

Piketty (2014) argues that: “There are apparently no other countries with estate records as rich and comprehensive as the French data.”

All these issues point in that same direction of overestimation. Of course, it could be that “unrecorded gifts” are high (and iinheritance through parental education also is), but given there is no data on that by construction, there is no way of knowing how high it is – and more importantly, whether it has been rising recently.

Accounting for non-filers and tax-exempt assets

Other issues with the paper

Some inheritance is counted twice first through surviving spouses and then through children. On this, note is quite defensive.

Some inheritance is counted first as gifts, and then inheritance when recalled.

Conclusion: what do we (really) know about the bequest ratio ?

In conclusion, Piketty (2011) paints way too dark a view of the return of inheritance in France. It is based on very fragile data…

This is not even mentioning the fact that much of the increase in the share of bequests in value-added in fact reflects the very important appreciation of real estate in France, which implies, contrary to Piketty, that taxation of bequests has become more, not less, important. The same house has gained +200% in value, so that the same 100000€ / person threshold for filing estate taxes has in fact become. This probably explains why following the CAE report, many politicians have pushed to decreased inheritance taxation in France, rather than decrease it. In the meantime, it is important to stop being too pessimistic about the promises of meritocracy in France: one does not mainly get rich through inheritance but rather through one's own efforts.

The Economist has argued that: "government statistical offices publish almost no data on inheritances, since their surveys are ill-equipped to track huge, one-off payments".

Bibliography

Alvaredo, F., Garbinti, B., & Piketty, T. (2017). On the Share of Inheritance in Aggregate Wealth: Europe and the USA, 1900–2010. *Economica*, *84*(334), 239-260. http://www.piketty.pse.ens.fr/files/AlvaredoGarbintiPiketty2017.pdf

Dherbécourt, C., Fack, G., Landais, C. et Stantcheva, S. (2021). « Repenser l'héritage. » Notes du conseil d'analyse économique, 69(9), 1-12. https://www.cae-eco.fr/staticfiles/pdf/cae-note069s.pdf

Geerolf, F. (2025) Comment on Alvaredo, Garbinti, Piketty (2017) "On the Share of Inheritance in Aggregate Wealth: Europe and the USA, 1900–2010" https://fgeerolf.com/comment-on-AlvaredoGarbintiPiketty2017.pdf

Piketty, T. (2011). On the Long-Run Evolution of Inheritance: France 1820–2050. *The Quarterly Journal of Economics*, *126*(3), 1071-1131. http://piketty.pse.ens.fr/inheritance/Piketty2011QJE.pdf

Piketty, T. (2014). Capital In the Twenty First Century.

Piketty, T., & Zucman, G. (2015). Chapter 15—Wealth and Inheritance in the Long Run. In A. B. Atkinson & F. Bourguignon (Éds.), *Handbook of Income Distribution* (Vol. 2, p. 1303-1368). Elsevier. http://piketty.pse.ens.fr/les/PikettyZucman2014HID.pdf