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Affording Utopia: The Economic Viability of "A Capitalist Road to Communism"

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Abstract: Thirty years ago van der Veen and Van Parijs (1986) argued that a guaranteed Basic Income of sufficient generosity to decommodify labor could create a "capitalist road to communism." Since then, interest in the idea of a guaranteed basic income has grown significantly, though relatively little thought has been given to the economic viability of such a scheme. Is a generous, "social justice" Basic Income affordable within the parameters of actually-existing capitalism? Through an analysis of national income, tax record, and census data for the United States for 2013 I show that economic redistribution that falls within the historical-institutional limits of U.S. capitalism would free up enough resources to pay for a social justice Basic Income, but only if we think of redistribution in macro-structural terms.

Keywords: universal basic income, redistribution, income inequality

Is a "social justice" Basic Income – that is, a universal benefit paid out to all individuals that is high enough to provide a decent standard of living – affordable? The utopian promise of the guaranteed Basic Income requires providing individuals a minimum income set at a high enough level to give each person, in the words of Van Parijs, "the power to decide what sort of life one wants to live ... the power to say no to the dictates of a boss, a bureaucrat or a spouse" (2013, p. 174). A social justice basic income decouples one's access to economic resources from one's position in circuits of capitalist accumulation and thus disrupts the underlying structures of market capitalism by reducing the force that economic dependency plays in coercing individuals to accept undesirable jobs.

Thus far, the debate around the "affordability question" has centered on fairly modest Basic Income schemes that replace existing anti-poverty programs with a universal, or near-universal Basic Income set at, or around, poverty-level incomes (For Spain, see Raventos (2007); for Canada, see Young and Mulvale (2009) and Pereira (2014); For the U.S., see Clark (2002), Harvey (2006), Sheehan (2012)).

While this debate is illuminating, it also tends to blend together two notions of affordability: affordability from the standpoint of *viability* – i. e. does a

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particular political unit have sufficient material resources to guarantee a level of income to all of its citizens or inhabitants?—and affordability from the standpoint of *achievability* — i. e. which policies and redistributive mechanisms are likely to work the most efficiently and face the fewest hurdles given existing institutional arrangements and political cleavages? As Wright (2007) observes, these two questions should be kept analytically distinct as the debate over achievability can quickly get bogged down by programmatic minutia which can distract from the deeper issues that the viability question raises.

The goal of this paper is to address the question of affordability of a very generous Basic Income for the United States and, in so doing, attempt to carve out some analytical space for thinking through the viability of a "social justice" Basic Income. I follow Monnier and Vercellone's (2014) insight that a Basic Income of sufficient size to be a primary income needs to be conceived of within a broader political economy of distribution and redistribution, not just within the current fiscal capacity of the state. The question of affordability, in other words, needs to be answered with respect to the total income of the political unit and the distribution of that income across its various forms of labor income and property income.

In this spirit, my aim is to not just provide another calculation of "what would it cost?" and "where would the money come from?", but to use that exercise to broaden how we think through the viability of an ambitious, social justice Basic Income by digging deeply into two questions a that are at the heart of any affordability question: what is income? How much of it can be redistributed?

A social justice basic income

What would a social justice Basic Income look like, in concrete terms? There is no shortage of documentation showing that erstwhile middle-class incomes are no longer sufficient to achieve a middle-class lifestyle in the face of dramatically increased costs for housing, education, and health care (Cohen, 2014; Frank, 2013), but far rarer are efforts to put a concrete figure on this growing gap between what people have and what they need to live decent, dignified lives.

For the purposes of this discussion, I use the "basic family budgets" calculated by the Economic Policy Institute (EPI) as my measure of a social justice basic income. The EPI began calculating basic family budgets in the late 1990s to shift the discussion of economic justice and social welfare away from measures of poverty and towards a more realistic measure of "basic needs" that includes costs for modest housing, adequate food, transportation, childcare,

health care, and other necessities. In 2013, the EPI updated its estimate of what a household comprised of two adults and one child (the average household composition of the U.S. in that year) needed to, as they put it, "secure an adequate but modest living standard" to \$55,490.

Using the EPI estimates in combination with Census data on household composition and household income, we can ask if the United States, through some reasonably imaginable level of redistribution, could provide every household with a Social Justice Basic Income? To answer this question we need to find values for three variables.

- A: the number of households' with market (pre-tax, pre-transfer) incomes that fall below the Social Justice Basic Income.
- B: the amount by which the actual income of each household falls below the Social Justice Basic Income.
- C: the total income reasonably available for redistribution to this group

 $[A \times B]$ gives us the *total redistributive need* – how much money, in total, would need to be redistributed to bring all household incomes up to the level of an EPI basic family budget. If $[C-(A \times B)] > 0$, then a social justice basic income is affordable.

Note that with this method I am intentionally putting aside the question of which distributive mechanisms – such as, but not limited to, taxes on income and wealth, or income supports through the minimum wage or tax credits – would be most effective in order to focus on the total cost of bringing all individuals up to a generous basic income relative to the total capacity of a capitalist economy to meet that cost.

The total redistributive need

The underlying concept of total redistributive need is fairly straightforward, and it would seem fairly easy to calculate: find the income of every household that falls below the Social Justice Basic Income and add up the differences between those two values. In practice however, the quantification of total distributive need must overcome two challenges. First, while it makes sense to talk about redistributive need at

¹ Economic Policy Institute, "What Families Need to Get By," July 3, 2013. Retrieved from http://www.epi.org/publication/ib368-basic-family-budgets/. Note that the EPI calculates family budgets for different metropolitan areas and different family sizes; the figure reported above is the median for a two-parent, one household across all metropolitan areas.

the level of the household, as households tend to function as single economic units, households are made up of a wide variety of actual living situations, ranging from a single person to a two-parent family with many children and other dependents. The Social Justice Basic Income of the first group would certainly be less than the Social Justice Basic Income of the latter group, and so it seems important to recognize that difference without making too many distinctions among different household compositions such that the analysis becomes unwieldy.

Second, the best available data on household income in the U.S. comes from the *Annual Social and Economic Supplement* (also known as the March Supplement) of the U.S. Census Bureau's *Current Population Survey*. This data is based on a large, representative sample of U.S. households, which allows us to approximate incomes for all U.S. households within income ranges of \$5,000. While I would argue that this is a degree of precision that is sufficient for this type of analysis, it is nevertheless important to note that it is not a complete survey of all household incomes.

Faced with these two challenges, I have adopted the following analytical strategies. First, to deal with the issue of variations in household composition, I derive a Social Justice Basic Income for three different household structures: families, households of two or more people who are not related by marriage or birth, and people living alone. For families, I used the EPI's 2013 Basic Family income estimate for a two-parent, two-child family, which comes to \$63,741. U.S. Census data shows that in 2013, married couples had, on average 1.9 children, and single mothers and single fathers had about 1.7 and 1.6 children.² Basing the family Social Justice Basic Income on a two-parent, two-child family thus overestimates average family size and, therefore, overestimates total redistributive need for this group. For non-family households comprised of more than one individual, I use the EPI Basic Family Budget estimate for a two-adult household, which comes to \$37,581 and the EPI Basic Family Budget estimate for one adult, which comes to \$26,830, for households where someone lives alone. To put these figures in perspective, the 2013 Federal Poverty Guidelines published by the Department of Health and Human Services were \$11,490 for a family of one, \$15,510 for a family of two, and \$23,550 for a family of four.³

Second, to find the total number of households who fall below these Social Justice Basic Income levels, I use the U.S. Census Bureau's annual publication, "Selected characteristics of Households by Total Money Income," which

² Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements, 2015.

³ Federal Register, "Annual Update of the HHS Poverty Guidelines," Document no. 2013–01422, January 24, 2013.

reports the total numbers of households that fall within income ranges of \$5,000 by household structure. Because income is reported in \$5,000 increments, I use the mid point of the range to estimate an average income for each household. Table 1 shows how this data is used to calculate the total amount of redistribution that would be needed to bring these households to a Social Justice Basic Income. For each household type, I multiply the total number of households within each income range by the mid-point of that income range to derive the Total Income of each group. In the next line, I multiply the number of households by each household type's respective Social Justice Basic Income to derive the Total Social Justice Basic Income of each group. Subtracting Total Income from Total Social Justice Basic Income gives us the Total Redistributive Need of each group, and summing these gives us the Total Redistributive Need across all households in the U.S.

It is important to note that in these calculations I have overestimated total redistributive need by including households with incomes that fall above the Social Justice Basic Income thresholds for each household structure. For example, all of the households with incomes in the \$60,000 to \$64,999 range are included in the calculation of total redistributive need for family households, even though some of those households have incomes that are above the \$63,741 used as a measure of a Social Justice Basic Income for families.

As Table 1 shows, by far the biggest portion of total redistributive need is bringing families up to a Social Justice Basic Income, followed by people living alone (who are very often the elderly poor). Summing the "total redistributive need" for each of the income brackets and family structures in Table 1 gives us a grand total of just under \$1.4 trillion that would need to be redistributed in order to bring all of these households up to their respective Social Justice Basic Incomes. Could the United States have afforded to redistribute \$1.4 trillion to these households in 2013? Can we afford utopia?

Measuring redistribution

Since my aim here is to explore the possibilities of a social justice basic income within the context of U.S. capitalism, I use the historical experience of the last 60 years as a guide for what I am calling "reasonable redistribution." By "reasonable" I do not mean ethically superior or politically easier, but rather that it is limited by the degree of equity that existed when the U.S. economy was still very much capitalist. In essence, my aim is to analyze the possibilities for a massive redistribution of income within a case of actually-existing capitalism

Table 1: Household incomes by structure.

	Under \$5,000	\$5,000 to \$9,999	\$10,000 to \$14,999	\$15,000 to \$19,999	\$20,000 to \$24,999	\$25,000 to \$29,999
Family households (000s)	1,842	1,556	2,304	3,084	3,348	3,590
Total income (HH×m.p.)	4,605,000	11670000	28800000	53970000	75,330,000	98,725,000
Total SJBI (HH × \$63.741)	117410922	99180996	146859264	196577244	213404868	228830190
Total redistributive	112805922	87510996	118059264	142607244	138074868	130105190
Nonfamily households (000s)	181	166	246	315	334	329
Total income (HH×m.p.)	452,500	1,245,000	3,075,000	5,512,500	7,515,000	9,047,500
Total SJBI (HH×\$37,581)	6,802,161	6,238,446	9,244,926	11838015	12,552,054	12,364,149
Total redistributive need	6,349,661	4,993,446	6,169,926	6,325,515	5,037,054	3,316,649
Living alone (000s)	2,057	3,137	4,142	3,923	2,895	
Total income (HH×m.p.)	5,142,500	23527500	51775000	68652500	65,137,500	
Total SJBI (HH×\$26.830)	55189310	84165710	111129860	105254090	77,672,850	
Total redistributive need	50046810	60638210	59354860	36601590	12,535,350	

\$30,000 to \$34,999	\$35,000 to \$39,999	\$40,000 to \$44,999	\$45,000 to \$49,999	\$50,000 to \$54,999	\$55,000 to \$59,999	\$60,000 to \$64,999	TOTAL (000s)
3,893 126,522,500	3,634 136,275,000	3,610 153,425,000	3,588 170,430,000	3,470 182,175,000	3,116	3,166	40,201
248,143,713 121,621,213	231,634,794 95,359,794	230,105,010 76,680,010	228,702,708 58,272,708	221,181,270 39,006,270	198,616,956 19,446,956	3,929,006	\$1,143,479,441
381 12.382.500	390						2,342
14,318,361 1,935,861	14,656,590 31,590						\$34,159,702
							16,154 \$219,176,820
Total							\$1,396,815,963

that can serve as a step towards a post-capitalist society (van der Veen & Van Parijs, 1986).

This analysis is also bound by the measurable contours of the U.S. economy, the size of its components, and the distribution of those components. Do the very rich have sources of income and wealth that are hidden from official statistics and surveys? I have no doubt. But these unknown sums of unknown characteristics do not belong in this study.

I draw on three data sources to measure the distribution of income in the United States. For the size and composition of total national income, I use the National Accounts data from the Bureau of Economic Analysis. For individual (or household) level data, I use the *World Top Incomes Database* in combination with the Census Bureau's household income data. The *World Top Incomes Database* provides a fine-grained analysis of incomes of top earners and gives a more accurate measure of average top incomes. This data also decomposes top incomes into its major components – how much of top incomes is comprised of earnings from labor, earnings from investments, earnings from rents, and so on. Given the nature of tax records data, discussed in detail by Atkinson (2007), the *World Top Incomes Database* is weaker when it comes to the analysis of bottom incomes (income groups below the top 10 %). For data on bottom incomes, I use the U.S. Census Bureau's historical income statistics, which provides a full range of income estimates across the bottom of the income distribution.⁴

Both the World Top Incomes Database and the Census data report *market* incomes; incomes from employment and investments, but not including taxes paid or government transfers received. Other scholars who study inequality prefer to look at post-tax, post-transfer income (see Kenworthy, 2013), which better captures household disposable income and, therefore, the lived experience of income inequality. I look at market incomes for three reasons. First, the data is more fine grained and is available over a long, and consistent time span. Second, market incomes are easier to connect back to income as reported in National Income and Product Accounts, which makes it easier to relate the distribution of personal income to total national income, something that I will show is very important when we start thinking carefully about redistribution. Third, looking at market incomes focuses our analysis on issues of distribution in the labor market and in the broader political economy. In other words, it highlights the structural dimensions of inequality and, tied to the previous point, connects issues of class to the changing structures of capital accumulation

⁴ For a clear, and fairly thorough discussion of the advantages and disadvantages of each data source, see Stone et. al. "A Guide to Statistics on Historical Trends in Inequality," *Center on Budget and Policy Priorities*, Retrieved from www.cbpp.org

Using these data sources together presents some difficulties. For one, each uses slightly different income-earning "units;" the Census counts numbers of households, while the *World Top Incomes Database* counts numbers of "tax units", which is the set of individuals who are captured by a single income tax return. While the latter is conceptually akin to the former they are not identical. For example, one household could consist of an unmarried couple who, because they file their tax returns separately, count as two tax units. As a consequence, there are more tax units in the United States than there are households. I use the Census Bureau's count of households since it better captures economically interdependent "units" that share incomes and expenses.⁵

The table below summarizes the above discussion by listing which variables are taken from which data sources. Because the most recent EPI basic family income estimates were done for 2013, I report all figures for that year.

Redistribution: What and from where?

Even after years of economic crisis, the United States remains a very rich country. In 2013, the total national income of the United States was about \$14.5 trillion, which works out to about \$118,000 per household or about \$47,000 for every man woman and child. From this vantage point, a social justice basic income appears easily affordable.

The radical promise of a generous Basic Income should cause us to think carefully and critically about the prospects for the kind of redistribution of income that would be needed to afford a social justice basic income under the specific institutional conditions of actually-existing capitalist societies. Under these present conditions, national income accrues to individuals based on their own position within the circuit of capital (whether they acquire income through their claims on property or whether they sell their labor for a wage) and, if the latter, their

⁵ See Carter Price's discussion of this at http://equitablegrowth.org/news/tax-units-versus-households-measure-income/

position in the social division of labor. In addition, the distribution of income to individuals will be shaped by the relationship between the various elements that comprise the larger circuit of capital accumulation – whether, for example, the "real" economy dominates finance or vice versa.

These more abstract points become clearer when we look closely at the incomes of the very rich – the most obvious target of redistribution. For a large segment of top earners, what makes them rich are their very large salaries. In contrast to the "idle rich" of the early twentieth century, today's rich are increasingly the "working rich," drawing more and more of their income as salaries and other compensation for employment (Picketty & Saez, 2003; Rajan, 2010). Ballooning compensation packages for CEOs and those working in the financial industry are a big part of the story of growing income inequality in the United States (DiPrete, Eirich, & Pittinsky, 2010; Sum & Tobar, 2008; Tomaskovic-Devy and Lin; Kaplan & Rauh, 2009; Western & Rosenfeld, 2011).

Yet there are also those rich who continue to derive a substantial portion of their incomes from financial and non-financial investments. In 2013 about 13 % of the earnings of the top 1% came from dividends, interest, rent, and another 31% came from entrepreneurial activities (earnings in small businesses). When we look at smaller and smaller segments of top earners – the top $0.1\,\%$ and the top $0.01\,\%$ – we see income profiles that look very much like those of the "idle rich" of the early twentieth century.

Finally, there are also those rich whose incomes come from the sale of wealth for one-time injections of income. This income shows up as the substantial earnings from capital gains – about 160,000 for the average household in the top 1% in 2013.

Why make these distinctions? Once we recognize the different ways in which income accrues to the rich, then it quickly becomes clear that we need to think a bit more carefully about how we imagine redistribution happening from the top to the bottom. When we lament the astronomically high salaries of corporate CEOs relative to the meager wages of their main line employees, (at least implicitly) this immediately begs the question of how we should distribute income between individuals who occupy different positions in the social division of labor and who bring different sets of personal attributes to those positions? But, when we point to the income that wealthy investors pull from their portfolios, the question of distribution shifts to the macro structure, the distribution of total economic resources across different "factor shares" of income, which forces us to grapple with the relationship between income and investment and fundamental questions of property rights (Atkinson, 2009; Kristal, 2013).

Thinking through the prospects for redistribution requires working through normative questions (what is fair?) and technical and programmatic questions (given current structures, how much could actually be redistributed?). The kinds of reasonable normative and technical parameters that we place around redistribution will vary depending on which source of income we are talking about. Identifying the moneyed elite as simply those who have a lot of money misses this important point. Indeed, treating all income the same, or at least as two faces of the same coin, not only gives a false impression of how much money is out there to be redistributed but, even more critically, obscures the variety of institutions that proposals for radical redistribution must navigate and obscures the alliances across, and cleavages within, the moneyed elite that must inform an assessment of the politics of redistribution.

Redistribution by narrowing pay inequality

At the end of post war period, roughly the mid-to-late 1960s, the average wage, salary and pension income for the top 1% was about five times that of the average income of a household in the second quintile (a rough approximation of the "working class" or "lower middle class"); by 2013, that ratio had jumped to 17:1. Even as more and more Americans see this degree of inequality as unacceptable, most people still adhere to powerful ideologies that tell us that wage inequality is both fair and necessary (Page & Jacobs, 2009). The belief that labor income inequality is too high begs an immediate follow-up question: how unequal should labor incomes be? How much more should a CEO, or investment banker, or lawyer make relative to a janitor or construction worker?

These questions invite debate centered on moral issues of fairness and pragmatic issues of economic efficiency. Rather than engage with those debates directly, I suggest that we can turn to historical example, specifically the mid-1960s when U.S. capitalism was in the thralls of "Great Society" liberalism and the height of postwar prosperity. At that time, the average salaries of the top 1%, the next 1–5% and the next 5–10% were, respectively, about 5 times, and 3 times and 2.5 times that of average working class (bottom 60%) incomes.

In order to determine how much redistribution would be achieved if labor income inequality were at postwar levels, I take 5 times, 3.5 times, and 2.5 times the weighted average of the Social Justice Basic Incomes of the three household

structures outlined above, which comes out to about \$55,000.⁶ This gives us a new average income for top earners under a more equitable distribution of labor incomes. I then subtract these new top labor incomes from the actual average labor income of these top groups and then sum these differences across the total number of households in these groups. This provides a figure of how much less, in total, top earners would have received in compensation for their work under conditions of greater equality of labor incomes, which would then be available to redistribute to lower income households.

Redistribution of property incomes

While many have pointed to labor income inequality as the driving force behind general income inequality, Thomas Picketty (2014) shines a bright light on the role that concentrated wealth and property holdings have played in widening the gap between rich and poor. If we look at the total composition of national income and its division between wage and salary income and property income we find that, since the 1980s, the wage and salary share has decreased from between 55% and 57% in the postwar period, to 52.4% in 1996 and falling further to 48.9% in 2013.⁷ The flip side of the shrinking wage share is the growing share of national income accruing to the holders of investment property – businesses, rental properties, and financial investments. Over the postwar period, the property income share of national income⁸ fell from about 30% to a low of 24% in 1970. In the mid-to-late 1980s the property income share began to recover, reached 26% in 2008 and returned to 31% of national income in 2013.

Unlike the Great Depression – which wiped out the wealth of many economic elites – property incomes have not only been preserved, but have con-

⁶ The actual calculation is the sum of the SJBI for each household type weighted by the percentage of households of that type, so: $(\$63,741\times0.685)+(\$37,581\times0.04)+(\$26,830\times0.275)=\$52,550$. I round this up to \$55,000 to make the estimates of the total labor income available to redistribute more conservative.

⁷ Readers familiar with the National Accounts will note that I am using figures on "Wages and Salaries," which is a subset of a broader component, "Compensation for Employment." In addition to money wages and salaries, compensation for employment includes contributions to employee pension systems and contributions to employee health care.

⁸ Here, property income is the sum of proprietor's income, rental income, corporate profits, interest and miscellaneous income as reported in the National Accounts.

tinued to expand in the wake of the financial crisis of 2008. In addition, incomegenerating property has become increasingly concentrated. In 2007, the year before the global economy collapsed, the top 1% owned nearly 50% of all investment assets, including 49% of all stocks and mutual funds and 60% of all financial securities (Wolff, 2010).

Given that a single percent of total national income represents billions of dollars, a redistribution of the factor structure of national income could go a long way towards paying for a generous basic income. Determining how much property income could reasonably be redistributed requires grappling with property income's dual role: as the property owner's personal income and as the source of new investment that allows capitalism to reproduce itself and expand.

Defenders of supply-side economic principles will argue that growing weight of property income in the total national income is necessary to secure the long term health of the U.S. economy and can point to some compelling data points to support this claim: when the property income share was at its lowest – around 24% in the early 1970s – the U.S. economy was entering the first stages of what would become a long and protracted economic downturn. Moreover, they will also point out that the average property income share was higher during the postwar period than it was between 1980 and 2007 (29% versus 26%).

However, the reinvestment potential of property income is determined not only by the total amount of profit generated, but equally by the propensity of property holders to reinvest. Since the 1980s that propensity to invest has been declining, as suggested by Figure 1, which plots personal property income (i. e. the income that accrues to individuals through their ownership of property, which appears in individual income tax records) as a proportion of total property income (i. e. income that accrues to individuals, or to institutions as profits, as measured by the national accounts). During the postwar period, all earners in the top 10% saw declines in their personal property incomes relative to national property income, but only those in the top 1% saw their relative personal property income shares sharply rise in the 1980s. In other words, since the 1980s the top 1% has been taking more of its property income as personal income and not, as the supply-siders suggest, investing those earnings back into their businesses. 9 So even if we concede some ground to

 $^{9\,}$ I realize that this is an over-simplification as all personal income can of course be reinvested through financial channels – something that has been explicitly lauded in tales of the broadening of the "investor class."

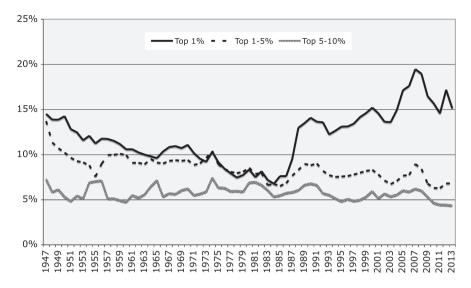


Figure 1: Personal property incomes as share of national property income. (source: National income and product accounts and world top incomes database)

the supply-siders, clearly there is still quite a bit of property income that can be redistributed to support a social justice Basic Income.

These considerations suggest two approaches for dealing with property income, depending on whether we think that redistribution should be limited to personal income, or whether the process of redistribution needs to include corporate, as well as individual, income. Rather than assert the superiority of one view over another, I model the redistributive effects of each which, taken together, provide a range within which we can evaluate the redistributive potential of property income.

To see the effect of a structural redistribution of total factor shares of national income I calculate what the property income share of national income would have been had it remained at postwar levels – an average of about 25% from 1947 to 1968 – and redistribute the resulting difference between this lower, hypothetical figure and actual figure for the property income share of national income in 2013 to the bottom 60%. To see the effect of redistributing personal property income, I take the "surpluses" of property income that the top 1% claims as personal income and redistribute it. I define the surplus as all personal property income that exceeds 10% of national income property income – what their personal property incomes would have been had the personal property income-to-national property income share remained at postwar levels.

Redistribution of capital gains

In addition to providing a steady stream of income through interest and dividend payments, wealth can be converted to income through its sale. In 2013 the average tax unit in the top 1% generated \$159,489 in additional income through capital gains - the selling of financial and non-financial assets. While this is a substantial amount of money, capital gains do not factor into the National Accounts measure of national income and inequality researchers typically report top incomes without capital gains earnings. Why the separate treatment? There are two reasons. First, capital gains income tends to come in waves - for example, selling stocks when the market is high – so including it tends to distort time series data on top incomes. Second, capital gains income does not add to the total national income since it is simply the transfer of ownership of some portion of the capital stock. Yes, the sale of financial and non financial assets causes one individual's or entity's income to increase in that moment, but from a macro, factor-level perspective the income of the total economy has not changed, just the ownership of a specific asset. ¹⁰ Money and property have changed hands, but no new income has been generated.

Because this form of income is tied to property claims, thinking through the redistribution of capital gains forces us to confront the structure of property rights in a capitalist economy. Imagine if all income earned as capital gains were taxed and then divided equally among low-income households. Very quickly property owners would become far less inclined to sell their assets knowing that their earnings would be stripped away and so the income from capital gains available to be redistributed would approach zero. A true, radical redistribution of capital gains would require redistributing claims over property itself, not just the income it generates, which in turn quickly takes us beyond the confines of the capitalist system.

If we limit ourselves to the current institutional structures that broadly define American capitalist society, the primary mechanism for redistributing capital gains is taxation. Between 1954 and 2009 the maximum statutory tax rate on long-term capital gains in the United States increased from 25 % in 1954 to just under 40 % in the late 1970s, and then fell to 15 % in 2009. The actual taxes collected relative to total realized capital gains – the effective tax rate – ranged from 14 % to 25.5 % over the same period. Interestingly, the average effective tax rate in the postwar period was 14 %, but it was about 19 % from 1980 to 2007. Returning to postwar "effective"

¹⁰ See Bureau of Economic Analysis, "Guide to the Income and Product Accounts of the United States," fn. 16. Retrieved from http://www.bea.gov/national/pdf/nipaguid.pdf

tax rates would thus produce no real redistribution of capital gains.¹¹ Instead, I redistribute capital gains as if they were effectively taxed at 25.5%—the highest effective tax rate on capital gains achieved in the United States.

Bringing it together: Can redistribution bring us to economic justice?

The preceding discussion laid out the criteria for redistributing different types of income from the top to the bottom – labor incomes redistributed by returning to postwar levels of wage inequality, property incomes (interest, dividends, profits and rents) redistributed by returning to a postwar property income share of national income, and capital gains redistributed by imagining the United States government at its most capable when it comes to taxing capital gains income. The question that we can now turn to is whether these redistributive measures would free up enough economic resources to pay for a Social Justice Basic Income.

Table 2 shows, in rows A–D, the effects of applying the various redistributive measures to the incomes of three fractiles within the top 10 % of income earners: the top 1%, the top 5–1% and the top 10–5%. The percentage values in rows A-D show the portion of the total basic income "gap" closed by each redistributive measure, providing a sense of the relative size of each effect. The effects of each redistributive measure are totaled and applied against the total cost of the Social Justice Basic Income, which provides a range of the remaining amount needed to reach a Social Justice Basic Income, depending on which method is chosen for redistributing property income.

With these results in hand, the short answer to the question "is a Social Justice Basic Income affordable?" is "no", though we do get pretty close if we think about redistribution in terms of total structure of national income and not just in terms of the inequalities that exist across personal incomes. I will return to this point shortly, but first want to draw attention to some of the interesting findings that emerge with respect to redistributive potential of personal incomes.

Not surprisingly, the figures in Table 1 show that much of the personal income (both labor income and property income) that could be redistributed to finance a social justice basic income is concentrated in the hands of the top 1% of income earners. Roughly one fifth of the Social Justice Basic Income gap could be closed through aggressive redistribution of top labor incomes. What we

¹¹ Tax Policy Center, "Historical Capital Gains and Taxes," 11/20/2012, Retrieved from www. taxpolicycenter.org

Table 2: Redistribution and the social justice basic income.

Redistributive Need (from table 1):					\$1,396,815,963,000
Redistributive Effect:		Top 1%	Top 5-1%	Top 10-5%	Total
A. Labor income		\$523,507	\$187,013	\$123,691	
A1. Labor income as multiple of BI:		\$277,500	\$165,000	\$137,500	
		(5 x BI)	(3 x BI)	$(2.5 \times BI)$	
A2. "Labor income gap" (A – A1)		\$246,007	\$22,013	\$-13,809	
A3. Redistributed labor income:		\$271,732,818,615	\$108,263,474,696	\$-84,892,012,341	\$295,104,280,970
$(A2 \times X\% \text{ of households})$		(19.5%)	(7.8%)	(-6.1%)	(21.2%)
[B. Personal property income:		\$407,995	\$36,762	\$11,788	
B1. Total personal property income					
(B x % of households):		\$501,638,012,400	\$299,609,802,144	\$192,155,006,284	
B2. Total property income (NIPA):	\$4,033,315,000,000				
B3. Redistributed property income gap		\$98,306,512,400	N/A	N/A	\$98,306,512,400
(B1 - X% of B2):		(2.0%)			(7.0%)
0f					
C. National income property income:	\$4,399,400,000,000				(-or-)
C1. Property income at 25% of national income:	\$3,614,575,000,000				
C2. Redistributed wage and salary gap					\$784,825,000,000
(C1 - C):]					(56.2%)
D. Capital gains:		\$188,241	\$7,283	\$2,072	
D1. Redistributed capital gains (25.5% of D)		\$48,001	\$1,857	\$528	
*D2. Total Redistributed capital gains		\$59,019,021,629	\$9,133,759,650	\$3,248,589,657	\$71,401,370,936
(D1 x X% of households):		(2.5%)	(%6.0)	(0.3%)	(5.1%)
Remaining earnings gap:					
\$1,396,815,963,000 - (A3 + [B3 or C2] + D2)			\$932,003,798,694	to	\$245,485,311,094
			(33.3% closed)		(82.5% closed)

also see is that if we assume the necessity of maintaining some "acceptable" level of inequality in labor incomes, that raising bottom incomes to a social justice basic income would also require redistributing some income to the top 10-5%. Looking at personal property incomes we can also see that the concentration of wealth towards the very top of the income distribution in recent decades means that efforts to redistribute personal property incomes likewise needs to target the top 1%.

These findings have implications for the politics of redistribution. Insofar as we are targeting personal incomes, while it may seem politically more viable to go after the financial fortunes of investors and speculators, we need to be thinking seriously about how we can reduce the inequality of labor incomes. This means not just devising better regulations and tax policies to limit and reclaim, top labor incomes, but a deeper ideological shift in how people think about the relationship between work and reward.

On the other hand, these results also show that, while redistributing personal income is a necessary component of a broader redistribution strategy, it is not nearly sufficient to provide the resources necessary to fund a Social Justice Basic Income. Redistributing all personal incomes from wages and salaries, investments and capital gains according to the parameters laid out above would generate about \$450 billion that could be used to support a guaranteed Basic Income, but that would only cover about one-third of the cost of a generous, Social Justice Basic Income.

This brings me to the second, and perhaps most important finding to emerge from this study: if we want to get serious about a Social Justice Basic Income then we need to think about distribution and redistribution at the macro-structural level, not just the individual-household level. As Charles Reitz points out, "Inequality is not simply a matter of the gap between rich and poor, but of the structural relationships in the economic arena between the propertied and non-properties segments of populations" (2015:25). Returning to a postwar property income share of national income would, by itself, provide over half of the financing for a Social Justice Basic Income and, when combined with a redistribution of labor incomes would get us very close to fully financing a Social Justice Basic Income. Moving towards a social justice basic income within capitalism thus requires that we conceptualize, and organize around, distribution and redistribution in terms of the total economic resources of a society, not just the share that individuals claim as their own income, or the share that the state claims through the tax code. Yes, the politics of redistribution needs to lay claim to the excessive incomes of the top 1%, but it also needs to draw attention to the shifting balance between labor and capital.

However, while this procedure gets us close to financing a Social Justice Basic Income, it does not get us all the way there. On the one hand, this result is partly due to some of the analytical choices made in deriving these estimates, choices that raised the Social Justice Basic Income to a level that is perhaps higher than it needs to be and reduced the amount of income available to be redistributed from top earners. On the other hand, and this is another key finding from this study, moving seriously towards a Social Justice Basic Income will likely require moving past the "acceptable" limits of equity in U.S. capitalism.

Conclusion: Why we should be thinking in terms of a "social justice Basic Income"

Why should we spend our time thinking through the prospects and possibilities for a very generous social justice Basic Income when even a more modest proposals for poverty-level basic incomes are not yet politically feasible? I want to conclude by making a case for the value of pushing for a generous, social justice Basic Income.

First, despite the much higher cost, a social justice Basic Income may actually be more politically achievable than more modest, poverty-level Basic Income because a more generous program would be in the economic interests of not only more people, but more people who are more likely to be politically engaged. Vanderborght and Van Parijs (2005) observe that, thus far, trade unions have been less interested in Basic Income schemes, but perhaps this is because the natural constituents of a poverty-level Basic Income are the unemployed and precarious workers; a more generous Basic Income may attract support among the relatively better-off and, most critically, better organized segment of the working class.

Second, because funding a Social Justice Basic Income requires a structural redistribution of property, as well as personal, income, the process of implementing a social justice Basic Income is likely to further expose market capitalism's incapacity to support real human freedom and real human dignity. A generous Basic Income threatens market capitalism by giving people the capacity to say "no" to bad jobs and thus undermining the force of economic dependency to coerce people to sell their labor for a wage (Offe, 2009; Van Parijs, 2013).

My analysis suggests another pressure point: by bringing the total pool of national income into the redistributive equation, it weakens the extant mechanisms by which capital claims its share of that income and thus forces us to grapple with the structure of property rights and the way in which property rights give certain individuals and institutions claims over the collective economic product. Moreover, it is very likely that effecting a shift in the factor structure of national income back towards labor would require strengthening the hand of labor relative to capital which would also support a transition to socialism from capitalism (Wright, 2006).

A generous, social justice Basic Income must leap more and taller hurdles, but its pursuit also creates opportunities to fundamentally transcend our economic system through a "capitalist road to communism" which is the transformative promise of a Basic Income.

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