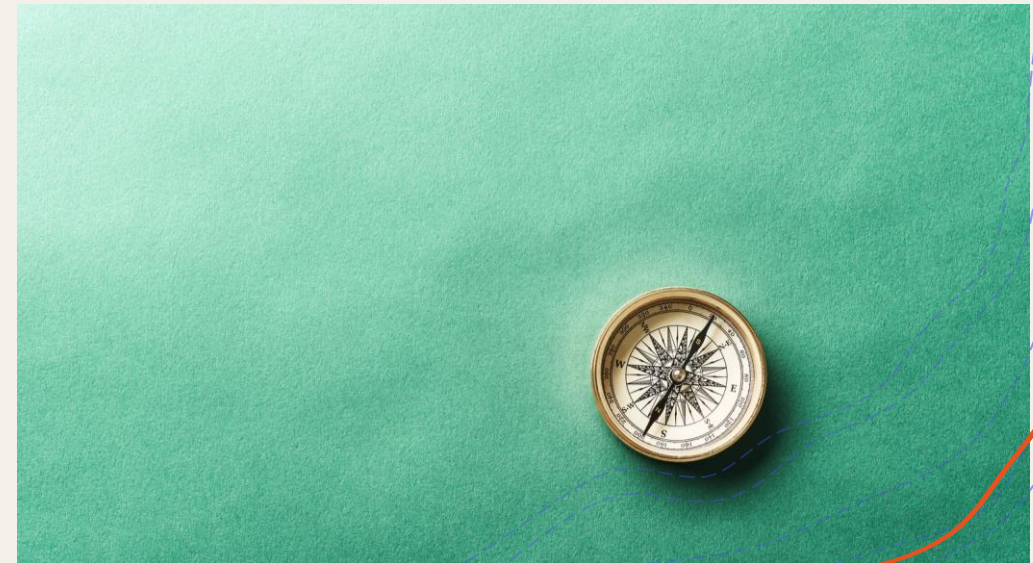# Income and wealth caps in post-growth transformation

Martin FRANCOIS, Sybille Mertens de Wilmars, Kevin Maréchal
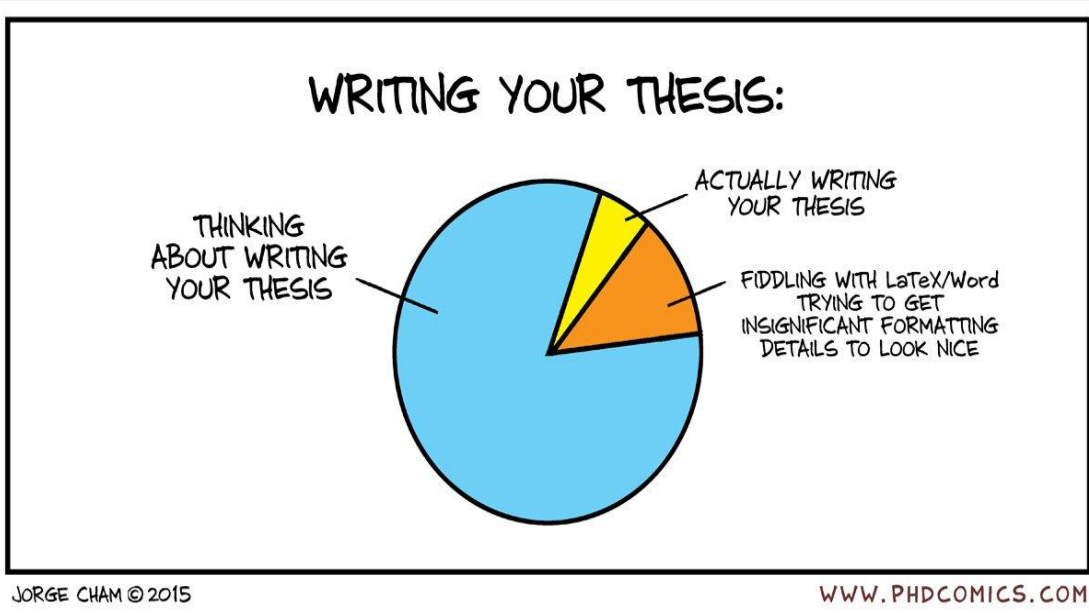
Plan

1. Intro & Chair « Prospérité et Post-croissance »

2. Problematisation: why income and wealth caps?

3. The paper: methods, findings & discussion

4. Research program: what are the next steps?

1. Who is this guy?

LIÈGE université

Centre d'Economie Sociale

ICHEC BRUSSELS MANAGEMENT SCHOOL

CHAIRE Prospérité & Postcroissance

PERMAFUNGI Eat·Grow·Learn

NEIBO

Life is Wonderpoule
...elles arrivent en ville!

AW

WRITING YOUR THESIS:

THINKING ABOUT WRITING YOUR THESIS

ACTUALLY WRITING YOUR THESIS

FIDDLING WITH LaTeX/Word TRYING TO GET INSIGNIFICANT FORMATTING DETAILS TO LOOK NICE

JORGE CHAM © 2015

WWW.PHDCOMICS.COM

1. Who is this guy?

My research philosophy

+ Pragmatic researcher (and committed researcher) : I start with a problem I want to resolve (i.e., rising inequalities in a post-growth society). My research design and strategy are aimed to find pragmatic solutions to this problem.

Implications

+ My research choices are based on their potential to resolve my problem.

+ My research is value-driven (I think that the world is unfair).

+ I think new ideas can help to reshape the world.

+ I may use either qualitative or quantitative methods, depending on how well one method helps to resolve the main problem

CHAIRE Prospérité & Postcroissance

Explorer des futurs socio-économiques désirables et prospères dans un monde post-croissance

Kevin Maréchal
Gembloux Agro-Bio Tech

Sybille Mertens
HEC Liège

Géraldine Thiry
Ichec & Uclouvain

Philippe Roman
Ichec & Uclouvain

Martin François
HEC Liège

CHAIRE **Prospérité & Postcroissance**

Explorer des futurs socio-économiques désirables et prospères dans un monde post-croissance

Nos activités

Créer des connaissances pour construire des futurs socio-économiques prospères e désirables (inégalités, travail, entreprises, sécurité sociale, etc).

Enseigner et diffuser ces nouvelles connaissances.

Fédérer une communauté de chercheuses et chercheurs en Belgique sur ces sujets.
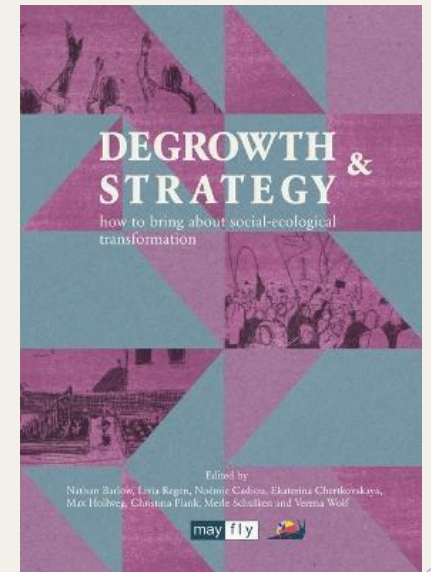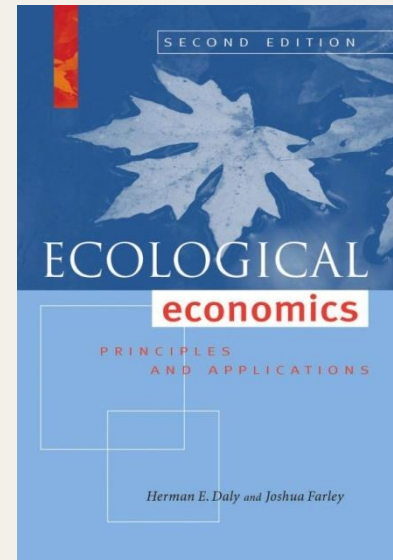
Explorer des futurs socio-économiques désirables et prospères dans un monde post-croissance

CHAIRE **Prospérité**
& Postcroissance

EN SAVOIR PLUS SUR
WWW.POSTGROWTH.BE

2. What is the problem?

+ A fair distribution of income and wealth is a main policy objective for…

… but how to achieve this objective?

2. What is the problem?

Inequalities over the 20th century

➢ World wars + welfare states + high growth rates mitigated inequalities

➢ Rise in the last decades is explained by the top 1% and 0,1%

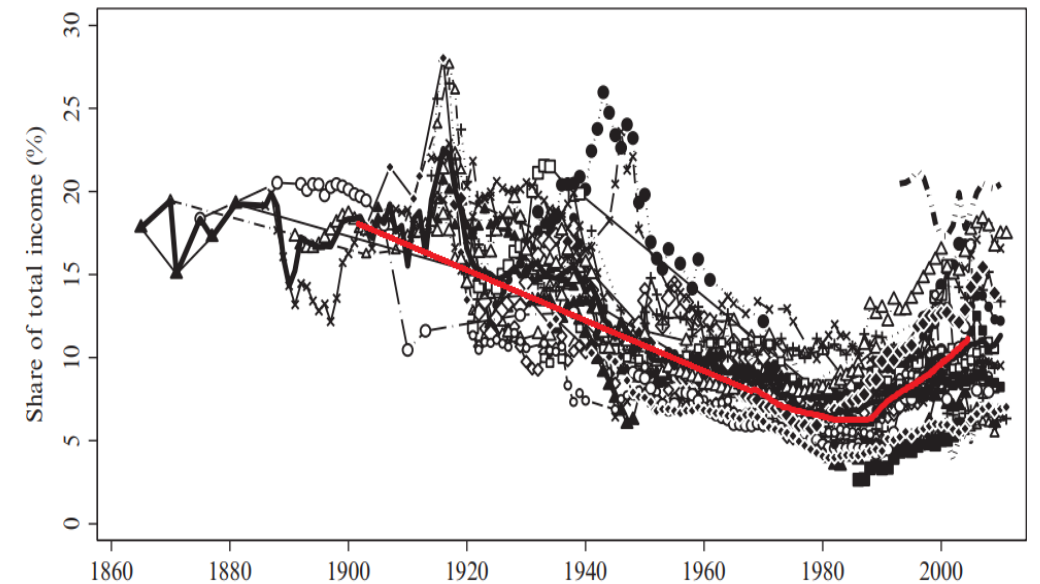➢ Current welfare states are not enough to prevent rising inequalities

Figure 7.1 Top 1% income share in 26 countries, 1870–2010. *Source: See main text for description of the series and the World Top Income Database for sources.*
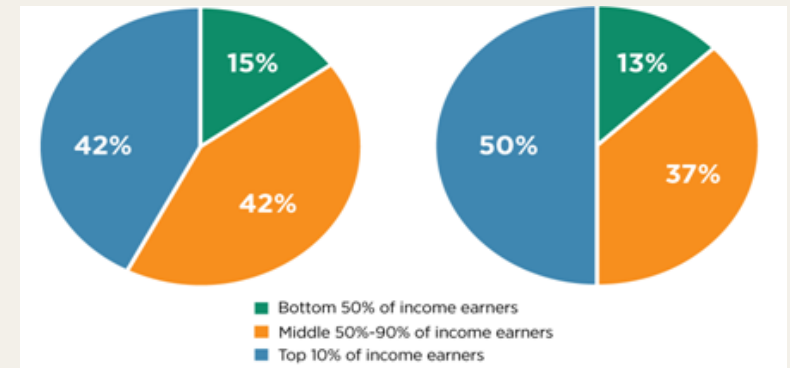
(ROINE AND WALDENSTRÖM, 2015)

2. What is the problem?

How do we manage/reduce inequalities in post-growth economies?

➢ Implicit limits to wealth and income in a non-growing economy

➢ New debate in post-growth discussing Pikety's fatality

➢ Reducing economic inequalities should include a reduction of the income and/or assets of the wealthy

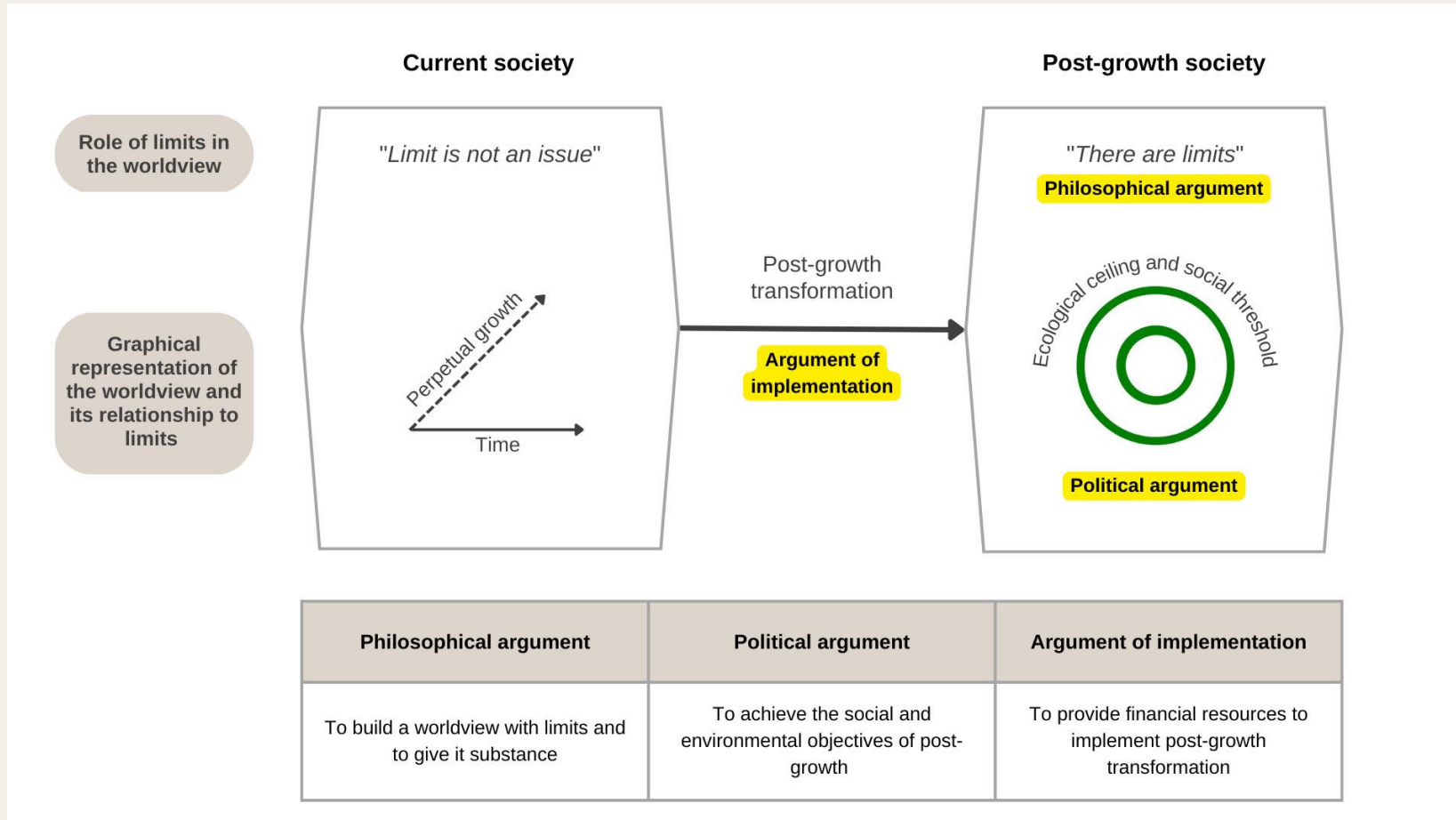➢ Income and wealth limits have been poorly studied

Exploratory research on income and wealth caps

■ Bottom 50% of income earners
■ Middle 50%-90% of income earners
■ Top 10% of income earners

2. What is the problem?
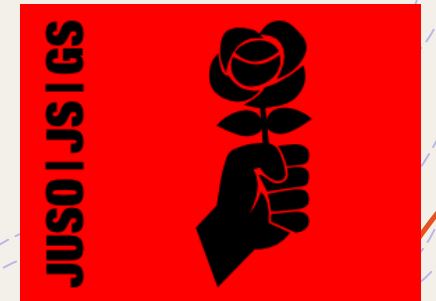
Why income and wealth cap policies are relevant ?

3. Research paper: question and methods

➢ What are the main components to consider when designing a policy of income and/or wealth caps?

Question	Component	Possible settings
What is limited?	Scope	Income, wealth, both, something else ?

➢ Analysis of 14 policy proposals
    ➢ 10 academic proposals
    ➢ 4 concrete cases promoted by political leaders - within the Roman Republic (365 BC), in the USA (1934 and 1942) and in Switzerland (2013)
➢ (Inductive approach)
➢ (Qualitative content analysis)

1	Daly, 1991	6	Spangenberg, 2014
2	Lux, 2003	7	Alexander, 2014
3	Ramsay, 2005	8	Pizzigati, 2018
4	Litvak, 2010	9	D'Alisa and Kallis, 2020
5	Cottey, 2014	10	Sovacool, 2022

3. Research paper: findings

7 components

Possible settings

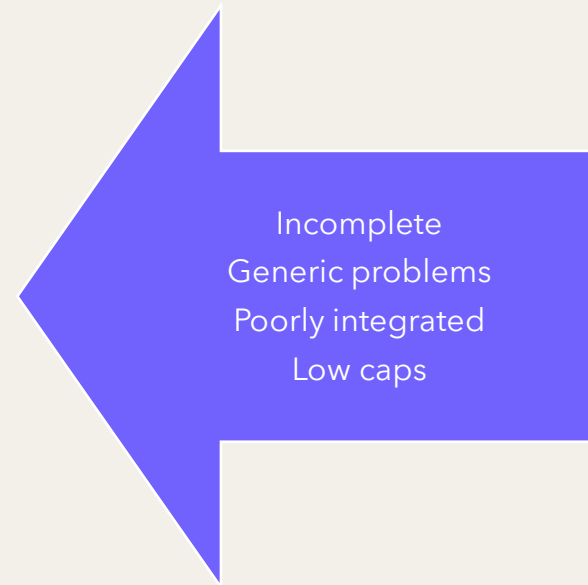| 7 components	Possible settings
Motive (Why?)	• To protect a market economy / Society transformation / To fight inflation / Etc…
Scope (What?)	• Income / Wealth / A category of wealth (land) / Etc…
Level (How much?)	• Ratio between 5 and 20 / Absolute amounts
Target (Who?)	• Per citizen / Per company
Instrument (How?)	• Temporary surtax / Progressive taxation up to 100% / Legal prohibition
Destination of excess (To fund what?)	• Minimum income / Social measures / War expenses
Policy integration (What policy package?)	• Lonely policy / Linked to one or two other policies / Large policy package

3. Research paper: discussion

1. Diversity

+ Large set of possible configurations, including new wealth limit options (Roman Republic, Berlin)

2. Divergence between academic proposals and concrete cases

Incomplete
Generic problems
Poorly integrated
Low caps

Complete
Concrete problems in the political agenda
Integrated in policy packages
High caps

3. Research paper: discussion

	Factor between maximum income and minimum wage/income	Maximum income in American dollars of 2022
Highest cap of academic proposals	10	$150,000
Roosevelt's proposal	31	$470,000
Revenue Act of 1942	253	$3.8 million
Average income of the US top 0.01% (around 17,000 families)	2800	$42 million

Table 8. Comparison of the level of a maximum income between academic proposals and political proposals. Average income of the top 0.01% US earners comes from Saez (2018). All calculations of inflation are made using the CPI Inflation Calculator of the US bureau of labor statistics.

3. Research paper: discussion

3. Confusion for research on public acceptance

+ This divergence may confuse research on public acceptance as recent research have shown little support for income and wealth caps (20-30%) -> population support is assessed through proposals following the patterns of academic proposals.
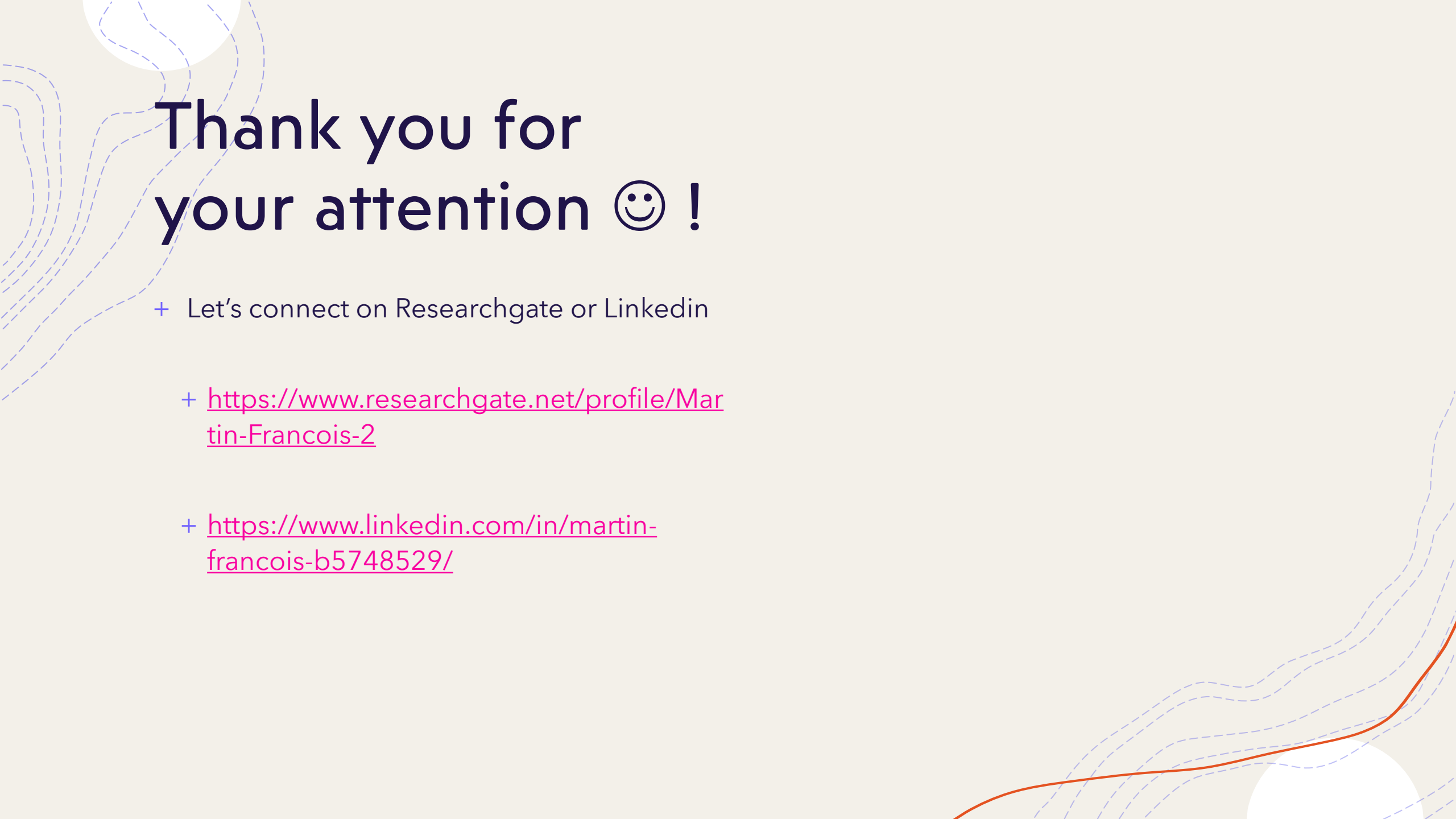
4. Impact on reducing inequalities in the past

+ Policy proposals of income and wealth cap have historically reduced inequalities in Western countries – even though they do not end up directly in law propositions – and they should therefore be considered as a suitable option to decrease inequality in postgrowth economies.

4. Future research

How to increase public support for maximum income?

+ **Why?** Political action and agenda setting rest on public acceptance (among others)

+ **Who?** Project developed in ongoing exchanges between researchers active in Belgium and Sweden (Lund)

+ **How?** By exploring how different components influence public support (using our framework)

+ **What method?** Semi-structured interviews using vignette

Thank you for your attention ☺ !

+ Let's connect on Researchgate or Linkedin

  + https://www.researchgate.net/profile/Martin-Francois-2

  + https://www.linkedin.com/in/martin-francois-b5748529/