Income Regimes After Wage Anchoring: Coordination and Stability in Post-Wage Economies

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Abstract

Advanced artificial intelligence does not merely alter labor markets; it alters the institutional logic of income formation. Modern capitalist economies have historically relied on wage anchoring—the endogenous linkage between production and mass purchasing power through labor income. Scalable AI weakens this mechanism by substituting across cognitive domains without proportional employment expansion.

This paper develops a regime-theoretic analysis of post-wage economies in which labor income no longer anchors aggregate demand. We show that high-redistribution equilibria are neither Nash stable nor dynamically persistent under decentralized market competition. Capital diffusion, credit expansion, sectoral innovation, and human capital adaptation cannot asymptotically offset structural displacement when wage anchoring erodes.

We classify alternative income regimes by their distribution rule and coordination structure and establish that demand-stabilizing redistribution cannot be sustained in equilibrium without enforceable coordination mechanisms. As wage anchoring weakens, the state becomes the residual coordinator of purchasing power. The end of wage anchoring does not necessarily mark the end of markets; it marks the end of income neutrality.

1 Introduction

This paper extends the wage-anchoring framework developed in Pravithana (2025)[Pravithana, 2025]. The earlier paper established a structural asymmetry between productive capacity and income reproduction under labor-saving AI. The present paper endogenizes that asymmetry by modeling redistribution itself as an object of decentralized strategic choice and evolutionary selection.

Modern market economies are implicitly anchored by wages.

In standard macroeconomic models, wages are treated as a factor price. In practice, however, wages perform a deeper structural role: they function as the primary mechanism through which purchasing power is reproduced across periods. Labor income is not merely compensation for input; it is the coordination device that sustains aggregate demand, validates investment decisions, and stabilizes profit realization.

We call this mechanism *wage anchoring*.

Under wage anchoring, production and demand remain structurally coupled. Firms pay wages; wages finance consumption; consumption validates profits; profits finance further investment. The system reproduces itself not because it is frictionless, but because income generation and purchasing power are institutionally aligned.

Technological progress has historically disrupted labor markets without eliminating this anchor. Automation displaces tasks, but new tasks emerge. Productivity increases expand output, which in turn expands la-

bor demand. The literature on task-based technological change emphasizes this displacement–reinstatement dynamic [Autor, 2015; Acemoglu and Restrepo, 2019]. Whether labor share rises or falls depends on the relative strength of these effects.

This paper departs from that historical symmetry.

General-purpose artificial intelligence introduces the possibility that displacement may scale across cognitive domains faster than reinstatement can occur. Even without assuming the complete disappearance of labor, a persistent decline in the wage share of income alters the structural coupling between production and demand.

The core issue is not productivity. Productivity can rise indefinitely. The issue is reproduction: can the system continue to generate sufficient purchasing power internally once wage anchoring weakens?

Recent debates on secular stagnation argue that advanced economies face chronic demand shortfalls [Summers, 2014; Mian et al., 2021]. These accounts emphasize inequality and debt overhang as structural drags on demand. Our argument is related but distinct. Rather than focusing on financial liberalization or savings imbalances, we analyze the macroeconomic consequences of structural wage erosion in an AI-intensive production regime.

We formalize income distribution through a redistribution parameter θ, representing the share of profits returned to households outside wage channels. Stabilization requires that θ exceed a threshold θ^* sufficient to replace the lost wage anchor.

However, we demonstrate three results.

First, high-θ equilibria may be Pareto superior but are not Nash stable under decentralized competition. Individual firms have incentives to undercut redistribution to enhance accumulation.

Second, even if high redistribution is temporarily achieved, dynamic growth competition induces endogenous drift toward lower aggregate θ.

Third, alternative adjustment mechanisms—capital market diffusion, credit expansion, sectoral creation, and human capital adaptation—do not endogenously restore structural stability once wage anchoring erodes.

The implication is not that markets collapse, nor that capitalism disappears. Rather, the coordination mechanism that historically stabilized market economies becomes insufficient. Income distribution ceases to be a marginal policy variable and becomes a structural coordination parameter.

In post-wage regimes, stabilization requires enforceable coordination over redistribution. Whether such coordination emerges through democratic institutions, sovereign funds, universal dividends, or other mechanisms lies beyond the scope of this paper. What we establish is more limited but foundational: decentralized competition alone cannot sustain demand-stabilizing income shares once wage anchoring weakens.

This reframes contemporary debates about automation. The central question is not whether AI eliminates all jobs. It is whether labor remains sufficiently central to income reproduction to preserve the self-stabilizing properties of market economies.

If it does not, the locus of stabilization necessarily shifts.

2 Structural Setup: Wage Anchoring and Stability

Modern market economies do not merely produce output; they reproduce purchasing power. Historically, this reproduction has been mediated primarily through wages. Labor income does not function only as compensation for input. It performs a systemic role: it distributes purchasing power proportionally to production, thereby coupling output expansion to demand expansion.

This section formalizes that coupling.

2.1 Production and Income Identity

Let aggregate output be

$$Y_t = F(K_t, L_t, A_t),$$

where K_t denotes capital, L_t labor input, and A_t total factor productivity.

Labor income is

$$W_t = w_t L_t,$$

and profit income is

$$\Pi_t = Y_t - W_t.$$

Define the wage share as

$$\omega_t = \frac{W_t}{Y_t}.$$

Household income consists of wage income and distributed profit income:

$$I_t = W_t + \theta \Pi_t,$$

where $\theta \in [0, 1]$ denotes the share of profits redistributed to households outside wage channels.

2.2 Wage Anchoring

Definition 1 (Wage Anchoring)**.** *An economy is wage-anchored if there exists a threshold $\omega^* > 0$ such that*

$$\omega_t \geq \omega^*$$

is sufficient to sustain aggregate demand without coordinated profit redistribution.

Under wage anchoring, expansion of output mechanically expands labor income. Purchasing power scales endogenously with production. Individual firms need not internalize aggregate demand constraints; wage payments distribute income automatically in proportion to productive activity.

Wage anchoring is therefore a decentralized coordination device.

2.3 Post-Wage Regime

Definition 2 (Post-Wage Regime)**.** *An economy enters a post-wage regime when*

$$\omega_t < \omega^*,$$

so that stabilization of aggregate demand requires redistribution of profits.

When wage anchoring weakens, production expansion no longer guarantees expansion of purchasing power. Income formation must rely on redistribution mechanisms.

2.4 Stability Threshold

Aggregate demand stability requires that household income scale with output:

$$I_t \geq \alpha Y_t,$$

for some $\alpha > 0$ sufficient to validate production and profit realization.

Substituting,

$$W_t + \theta \Pi_t \geq \alpha Y_t.$$

Dividing by Y_t gives

$$\omega_t + \theta(1 - \omega_t) \geq \alpha.$$

When $\omega_t < \omega^*$, there exists a minimum redistribution threshold θ^* implicitly defined by

$$\omega_t + \theta^*(1 - \omega_t) = \alpha.$$

Lemma 1 (Stability Threshold)**.** *In a post-wage regime ($\omega_t < \omega^*$), aggregate demand stability requires*

$$\theta \geq \theta^* > 0.$$

Interpretation. Once wage anchoring erodes, redistribution is no longer a marginal policy instrument. It becomes a structural parameter necessary for macroeconomic stability.

3 Static Coordination Failure as a Redistribution Game

Section 2 established that in a post-wage regime, macroeconomic stability requires

$$\theta \geq \theta^* > 0.$$

We now formalize redistribution as a strategic interaction among firms.

3.1 The Redistribution Game

Consider a representative continuum of firms indexed by $i \in [0,1]$. Each firm chooses a redistribution share $\theta_i \in [0,1]$.

Let aggregate redistribution be

$$\bar{\theta} = \int_0^1 \theta_i \, di.$$

Firm i earns profit

$$\pi_i = \pi(\bar{\theta}), \qquad \frac{d\pi}{d\bar{\theta}} > 0,$$

reflecting the positive demand externality: higher aggregate redistribution increases purchasing power and realized profits. This assumption does not require permanent demand-management effects or monotonic output expansion at all horizons. It is sufficient that, in post-wage regimes, marginal redistribution relaxes realized demand constraints relative to productive capacity.

Retained earnings are

$$r_i = (1 - \theta_i)\pi(\bar{\theta}).$$

Firm valuation is

$$U_i(\theta_i, \bar{\theta}) = r_i.$$

3.2 Best Response

Firm i takes $\bar{\theta}_{-i}$ as given. Since

$$\bar{\theta} = \frac{1}{N}\theta_i + \frac{N-1}{N}\bar{\theta}_{-i},$$

in the limit as $N \to \infty$, the individual firm's influence on $\bar{\theta}$ vanishes:

$$\frac{\partial \bar{\theta}}{\partial \theta_i} \to 0.$$

This atomistic benchmark is used for analytic clarity. It isolates the free-rider force in pure form and provides a benchmark for decentralized provision.

Thus the marginal effect of θ_i on own payoff is

$$\frac{\partial U_i}{\partial \theta_i} = -\pi(\bar{\theta}) < 0.$$

Hence the best response is

$$\theta_i^{BR} = 0.$$

3.3 Nash Equilibrium

In symmetric equilibrium,

$$\theta_i = \bar{\theta}.$$

Given the best response above, the unique Nash equilibrium is

$$\theta^{NE} = 0.$$

3.4 Pareto Comparison

Suppose there exists $\theta^* > 0$ such that

$$\pi(\theta^*) > \pi(0),$$

and

$$(1 - \theta^*)\pi(\theta^*) > \pi(0).$$

Then all firms are strictly better off under coordinated redistribution θ^* than under $\theta = 0$.

Proposition 1 (Coordination Failure)**.** *If redistribution above θ^* increases aggregate profits through demand expansion, then:*

(i) $\theta = \theta^*$ is Pareto superior to $\theta = 0$;

(ii) $\theta = 0$ is the unique Nash equilibrium.

Proof. From the best-response condition, each firm minimizes θ_i given others' choices. Hence $\theta = 0$ is a Nash equilibrium. By assumption, joint deviation to θ^* strictly increases all firms' payoffs, implying Pareto superiority. Therefore the efficient allocation is not Nash stable. □

3.5 Interpretation

Redistribution in a post-wage regime is a public good among firms. Each firm benefits from aggregate redistribution but bears the full marginal cost of its own contribution.

Wage anchoring historically masked this coordination problem by distributing purchasing power automatically through labor income. Once wage anchoring erodes, the demand externality becomes explicit.

The decentralized equilibrium underprovides redistribution.

4 Dynamic Instability: Darwinian Selection under Decentralized Competition

Section 3 established a static coordination failure: even when high redistribution θ is Pareto superior, it is not Nash stable under decentralized incentives.

This section strengthens the result. Even if a high-θ regime is temporarily sustained—through norms, transitional policy settlements, or historical legacy—competitive accumulation generates endogenous selection pressure toward lower redistribution over time.

Formally, the object that was a strategic choice in Section 3 (θ_i) is now treated as an organizational policy trait whose population weight evolves through differential growth.

The instability is therefore not merely strategic; it is evolutionary.

4.1 Accumulation Advantage from Retention

Let firm i choose redistribution $\theta_i \in [0,1]$ and earn profit $\pi_i(t)$. Retained earnings are

$$r_i(t) = (1-\theta_i)\pi_i(t).$$

Retained earnings finance scaling, capital deepening, AI deployment, acquisitions, and market expansion. We represent this by a reduced-form growth law:

$$g_i \equiv \frac{d}{dt}\ln \pi_i(t) = g_0 + \kappa(1-\theta_i),$$

where g_0 is a baseline growth component and $\kappa > 0$ captures the structural growth advantage from retention.

The key assumption is minimal and competitive: firms that retain more resources grow faster.

4.2 Replicator Share Dynamics

Define profit share

$$s_i(t) = \frac{\pi_i(t)}{\Pi(t)}, \qquad \Pi(t) = \int_0^1 \pi_i(t)\, di.$$

Standard competitive share dynamics imply

$$\dot{s}_i(t) = s_i(t)\left(g_i - \bar{g}\right),$$

where

$$\bar{g} = \int_0^1 s_i g_i \, di$$

is the share-weighted average growth rate.

This is the canonical replicator equation [Weibull, 1995]: strategies associated with above-average growth expand in weight over time.

Aggregate redistribution is share-weighted:

$$\bar{\theta}(t) = \int_0^1 s_i(t)\theta_i \, di.$$

4.3 Covariance Representation and Downward Drift

Differentiating $\bar{\theta}(t)$:

$$\begin{aligned}\dot{\bar{\theta}}(t) &= \int_0^1 \dot{s}_i(t)\theta_i \, di \\ &= \int_0^1 s_i(t)\theta_i\left(g_i - \bar{g}\right) di \\ &= \mathrm{Cov}_s\left(\theta_i, g_i\right).\end{aligned}$$

Substitute $g_i = g_0 + \kappa(1-\theta_i)$:

$$\begin{aligned}\dot{\bar{\theta}}(t) &= \kappa\,\mathrm{Cov}_s\left(\theta_i, 1-\theta_i\right) \\ &= -\kappa\,\mathrm{Var}_s(\theta_i).\end{aligned}$$

Since $\kappa > 0$ and $\mathrm{Var}_s(\theta_i) \geq 0$,

$$\dot{\bar{\theta}}(t) = -\kappa\,\mathrm{Var}_s(\theta_i) \leq 0,$$

with strict inequality whenever there is heterogeneity in θ_i.

Proposition 2 (Darwinian Drift of Redistribution)**.** *Under decentralized competition with growth advantage $\kappa > 0$ from retained earnings,*

$$\dot{\bar{\theta}}(t) = -\kappa\,\mathrm{Var}_s(\theta_i),$$

so long as firms differ in redistribution rates. Hence, aggregate redistribution declines monotonically over time.

4.4 Darwinian Interpretation

The mechanism is Darwinian in structure.

Selection operates on relative growth, not on social optimality. Firms that redistribute less retain more, scale faster, and gain share. As their weight increases, the aggregate redistribution parameter declines mechanically.

No firm intends to destabilize demand. No central coordination is violated. Yet competitive accumulation rewards strategies that undercut redistribution.

Even if a high-θ regime is temporarily imposed, it is evolutionarily unstable: absent enforceable coordination, selection pressure systematically shifts the economy toward lower redistribution.

The core tension can be summarized compactly as

$$\theta \geq \theta^* \quad \text{vs.} \quad \dot{\bar{\theta}} < 0.$$

The first inequality states the stability requirement derived in Section 3: aggregate redistribution must exceed the threshold θ^* once wage anchoring weakens.

The second inequality follows from Proposition 2: under decentralized competition, heterogeneity in firm-level redistribution rates generates a systematic downward drift in the share-weighted average $\bar{\theta}(t)$.

These conditions are structurally incompatible. Stability requires sufficiently high redistribution, yet competitive selection persistently erodes it.

High-θ regimes are therefore not only Nash unstable; they are dynamically selected away.

To sustain $\theta \geq \theta^*$ requires institutional mechanisms that interrupt the Darwinian selection channel described above.

5 Endogenous Income Regimes Under Wage Erosion

Section 4 established that decentralized competition generates a systematic downward drift in aggregate redistribution $\bar{\theta}(t)$. We now shift perspective.

The question is no longer whether redistribution is difficult to coordinate. The question is whether alternative decentralized income mechanisms can restore endogenous reproduction once wage anchoring weakens.

We evaluate four commonly proposed substitutes: broad asset ownership, financial deepening, new sector creation, and human capital adaptation.

These mechanisms differ in surface form. Structurally, however, they share a common feature: none directly interrupts the competitive retention mechanism identified in Section 4.

5.1 The Reproduction Condition

Let $Y_m(t)$ denote median household income. An income regime is *endogenously reproductive* if rising aggregate profits translate into rising median income without external coordination.

Definition 3 (Reproduction Condition)**.** *An income regime satisfies the reproduction condition if there exists $\alpha_m > 0$ such that*

$$\frac{Y_m}{Y} \geq \alpha_m \quad \textit{and} \quad \frac{\partial Y_m}{\partial \Pi} \geq 0,$$

where Π denotes aggregate profit.

Intuitively, a positive transmission from profits to median income is not sufficient on its own. Income at the median must remain large enough, relative to output, to sustain effective demand at scale. If this condition fails, productive capacity can expand while mass demand stagnates. In such a regime, stabilization requires external transfers rather than endogenous transmission.

5.2 Asset-Based Income Regimes

One proposed substitute for wages is broad-based capital ownership. Suppose median households own share a_m of aggregate profits:

$$Y_m = W_m + a_m \Pi.$$

Under wage erosion ($W_m \downarrow$), reproduction requires $a_m > 0$ and sufficiently large.

However, decentralized capital markets do not endogenously equalize ownership shares. If median households begin with negligible asset ownership ($a_m \approx 0$), then

$$\frac{\partial Y_m}{\partial \Pi} \approx 0.$$

Asset price appreciation benefits existing owners but does not generate new purchasing power for non-owners.

Crucially, asset accumulation itself follows retained earnings. As shown in Section 4, firms that retain more grow faster. Ownership therefore compounds along the same competitive gradient. Absent redistribution of initial endowments, capital diffusion remains subject to Darwinian compounding dynamics.

Asset-based regimes may transmit profit growth to owners, but they do not guarantee transmission to the median household.

5.3 Credit-Based Regimes

Alternatively, consumption may be sustained through borrowing. Let household debt be $D(t)$:

$$Y_m = W_m + \Delta D.$$

Credit raises purchasing power intertemporally [Minsky, 1986; Eggertsson and Krugman, 2012]. However, intertemporal budget constraints imply:

$$rD(t) \leq Y_m(t)$$

must eventually hold.

If wages stagnate or decline while borrowing sustains demand, the debt-to-income ratio increases over time. Credit therefore shifts purchasing power forward but does not increase permanent income.

Credit substitutes timing for distribution. It can postpone instability, but it does not satisfy the reproduction condition in steady state.

5.4 New Sector Creation

A more optimistic view holds that technological progress generates new sectors that absorb displaced labor [Aghion and Howitt, 1992].

Let δ denote displacement rate and γ denote new labor absorption rate. Stability requires:

$$\gamma \geq \delta.$$

Historically, task creation often offset automation. However, such reinstatement depends on demand formation.

If median income stagnates, new sectors cannot scale labor absorption independently of purchasing power.

Task creation restores wage anchoring only if new labor demand scales proportionally with productivity growth. When automation is broad-based and capital-biased, this proportionality cannot be assumed.

New sector creation may occur, but it does not structurally guarantee the reproduction condition.

5.5 Human Capital Adaptation

Another argument holds that workers can adapt to technological change.

Let individual ability A be distributed with density $f(A)$. Suppose emerging sectors require ability threshold A^*. Mass labor absorption requires:

$$P(A \geq A^*) = \int_{A^*}^{\infty} f(A)\, dA$$

to remain sufficiently large.

If technological complexity raises A^* over time while the ability distribution remains approximately stable, the fraction of workers able to transition declines.

Macroeconomic stabilization cannot rely on upper-tail adaptability. A system whose stability depends on exceptional adjustment is not structurally robust.

Human capital upgrading improves individual outcomes, but it does not guarantee aggregate reproduction.

5.6 Structural Implication

We can now summarize.

Proposition 3 (Limits of Decentralized Income Regimes)**.** *Any income regime that does not alter the distribution of purchasing power fails to guarantee the reproduction condition*

$$\frac{Y_m}{Y} \geq \alpha_m.$$

It also fails to guarantee robust transmission from profits to median income. under persistent wage erosion.

In particular, using the coordination notation introduced in Section 6, any regime with $\Phi = 0$ cannot ensure persistent satisfaction of both the level and transmission conditions.

The implication is structural rather than normative.

Asset diffusion, credit expansion, sectoral transformation, and human capital upgrading differ in policy form, yet none interrupts the competitive retention mechanism driving $\dot{\bar{\theta}} < 0$.

The problem is therefore not technological, nor merely financial. It is institutional.

The next section classifies post-wage income regimes according to whether they interrupt this structural drift.

6 Comparative Stability of Post-Wage Income Regimes

Sections 3 and 4 established two structural results.

First, stabilization in a post-wage regime requires aggregate redistribution to exceed a critical threshold θ^*.

Second, under decentralized competition, redistribution is dynamically eroded: $\dot{\bar{\theta}} < 0$ whenever heterogeneity in firm retention exists.

This section evaluates whether alternative income regimes can satisfy both the level condition and the persistence condition simultaneously.

6.1 General Stability Condition

Let household income in the post-wage economy be represented as

$$I_h = R(\Pi, \Theta, \Phi),$$

where

- Π denotes aggregate profits,
- Θ denotes effective redistribution intensity,
- Φ denotes the coordination or enforcement mechanism sustaining redistribution.

Stability requires two conditions:

$$\Theta \geq \theta^* \quad \text{(level condition)} \tag{1}$$

$$\dot{\Theta} = 0 \quad \text{(persistence condition)} \tag{2}$$

The first ensures sufficient demand anchoring. The second ensures redistribution is not competitively eroded over time.

Any regime failing either condition cannot sustain a post-wage equilibrium.

In purely decentralized regimes ($\Phi = 0$), we define

$$\Theta(t) \equiv \bar{\theta}(t),$$

the share-weighted redistribution intensity inherited from Section 4.

6.2 Market Capital Diffusion Regime

One proposed alternative is broad-based asset ownership through capital markets. Households receive income via dividends and capital gains rather than wages.

In this regime, redistribution occurs indirectly via asset diffusion. Formally, $\Phi = 0$; redistribution depends entirely on decentralized market allocation.

However, Section 4 implies:

$$\dot{\Theta} = \dot{\bar{\theta}} = -\kappa \operatorname{Var}_s(\theta_i) < 0$$

whenever heterogeneity in firm retention exists.

Since asset concentration itself is shaped by retained earnings and compounding, capital diffusion without coordination cannot prevent redistribution erosion.

Thus:

- The level condition may temporarily hold.

- The persistence condition fails.

Market capital diffusion is dynamically unstable.

6.3 Credit-Based Regime

Another proposed substitute is credit expansion. Households borrow against future income to sustain consumption.

This regime does not increase Θ; instead it raises effective demand through leverage.

However, intertemporal budget constraints imply:

$$\limsup_{t\to\infty} \frac{D(t)}{Y_m(t)} = \infty$$

along trajectories where borrowing persistently substitutes for income. This violates long-run debt service feasibility.

Credit can temporarily offset insufficient redistribution, but it does not satisfy the level condition in steady state.

Thus, the credit regime fails the level condition.

6.4 Rule-Based Universal Dividend

Consider a rule-based universal dividend funded by profit taxation:

$$\Theta = \bar{\theta} \quad \text{enforced by rule.}$$

Here, $\Phi \neq 0$ represents an institutional enforcement mechanism.

If enforcement prevents firm-level deviation from lowering aggregate redistribution, then both the level condition (1) and the persistence condition (2) are satisfied, provided enforcement remains credible.

6.5 Political Allocation Regime

More generally, redistribution may be sustained by centralized political authority.

In this case, Φ represents discretionary allocation backed by coercive enforcement.

If enforcement prevents competitive undercutting, aggregate redistribution becomes institutionally fixed.

Thus, political allocation can satisfy both stability conditions, subject to political constraints.

6.6 Comparative Stability Theorem

Proposition 4 (Comparative Regime Stability)**.** *In a post-wage economy with competitive selection, only income regimes with non-zero coordination mechanism ($\Phi \neq 0$) can satisfy both the level condition* (1) *and the persistence condition* (2)*. All purely decentralized regimes ($\Phi = 0$) are dynamically unstable.*

Interpretation. The requirement of redistribution does not eliminate markets. Rather, it implies that markets alone cannot sustain the redistribution necessary for macroeconomic stability once wage anchoring weakens.

The future income regime, therefore, depends not on the disappearance of capitalism, but on the institutional capacity to coordinate it.

7 The Governance of Income

The core result can now be stated at the institutional level. In post-wage regimes, stability requires redistribution above threshold, but decentralized competition cannot reliably sustain that threshold over time. Section 6 showed that decentralized substitutes fail this joint requirement of level and persistence.

The remaining question is therefore governance: who enforces the transmission from productivity gains to household purchasing power?

From Wage Allocation to Rule Allocation

In wage-anchored economies, purchasing power is primarily market-mediated. Income flows from production through labor contracts. Distribution occurs implicitly through employment.

When wage anchoring erodes, income transmission no longer follows from market exchange alone. Purchasing power must instead be governed by explicit allocation rules linking aggregate profit to household income.

If the answer remains decentralized firms, redistribution is unstable. If the answer becomes

enforceable rules, allocation ceases to be purely market-mediated.

Institutional Threshold

To sustain post-wage stability, an income regime must satisfy three conditions:

1. $\theta \geq \theta^*$ (sufficient redistribution),
2. persistence against competitive erosion,
3. a rule linking aggregate profit to median income.

Any regime satisfying these conditions necessarily involves enforceable coordination over income flows. The mechanism may take many forms: rule-based universal dividends, sovereign capital ownership, or constitutionally enforced profit-sharing frameworks. The form is secondary. The structural requirement is not.

Capitalism After Wage Anchoring

Historically, income allocation has been largely determined by market exchange. Under wage anchoring, production and distribution were tightly coupled.

Once this coupling weakens, income allocation becomes increasingly institution-mediated rather than exchange-mediated. Profit continues to be generated through markets. Its transmission to households, however, depends on governance.

This transformation does not abolish markets. It relocates the core stabilizing function of the economy from decentralized competition to rule-based allocation.

The issue is therefore not whether redistribution will occur. It is whether it will be governed.

The governance of income becomes the central economic question in post-wage regimes.

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