



Citizens' Equity: A Democratic Response to AI-Driven Wealth Concentration

Executive Summary for Policymakers

Version 5.0

The Crisis: Democracy Under Threat from Technological Oligarchy

The United States faces an unprecedented economic transformation that threatens the foundations of democratic governance. Artificial intelligence and automation are accelerating wealth concentration at rates that dwarf any previous technological revolution, creating conditions for permanent oligarchy unless we act decisively.

The mathematics are stark: during the pandemic and cost-of-living crisis years since 2020, the richest 1% captured 63% of all new wealth (\$26 trillion) while the rest of the world shared just 37% (\$16 trillion). A billionaire gained roughly \$1.7 million for every \$1 of new global wealth earned by a person in the bottom 90%. And this isn't temporary disruption—it's the new trajectory of an economy where capital ownership increasingly determines all outcomes.

McKinsey projects that 50% of work activities will be automated by 2045, a decade sooner than previously estimated. But unlike the Industrial Revolution, which mechanized human muscle while increasing demand for human minds, AI mechanizes cognition itself. Goldman Sachs estimates that AI could affect 300 million full-time jobs, with high-skilled cognitive work—legal analysis, medical diagnosis, financial services—proving easier to automate than physical labor.

Meanwhile, 59% of Americans cannot cover a \$1,000 emergency expense, and 53% live paycheck to paycheck—including 32.3% of those earning over \$100,000 annually. The U.S. Gini coefficient reached 0.494 in 2021, among the highest inequality levels in 50 years. These trends reflect a fundamental shift from labor-based to capital-based wealth creation that traditional policy tools cannot address.

Current welfare approaches—including Universal Basic Income experiments across 150+ pilot programs—treat symptoms rather than causes. They create dependents rather than stakeholders, require constant political battles over benefit levels, and fail to address the underlying concentration of productive ownership. Even well-designed UBI programs face political sustainability challenges, as demonstrated by Arkansas's 2023 ban on guaranteed income programs despite generally positive pilot results.

The Solution: Citizens' Equity as Economic Democracy

Citizens' Equity (CE) offers a fundamentally different approach: democratizing ownership of productive assets rather than redistributing income after wealth creation. Under CE, every citizen receives an equal stake in the economy's capital through a sovereign superfund that collects contributions from corporations based on their market presence and domestic sales.

The Mechanism: Corporations contribute X% of their stakeholder liabilities (common & preferred stocks, corporate bonds, warrants, and possibly even executive compensation contracts) to a national superfund, adjusted by Y% (their percentage of domestic sales). Citizens receive equal shares in this superfund, earning dividends from economic growth rather than fixed government payments.

The Formula: A company with 10% required contribution rate and 60% U.S. sales would contribute 6% of its total capitalization. This creates proportional obligations based on actual economic participation (revenues) rather than arbitrary corporate national domiciles.

Key Advantages Over UBI:

- **Automatic Growth:** Returns increase with economic productivity, providing natural inflation protection
- **Stakeholder Psychology:** Citizens become owners, not dependents, with incentives for long-term economic growth
- **Political Sustainability:** No legislative battles over benefit levels or budgets; distributions reflect actual fund performance
- **International Cooperation:** Y% mechanism creates strong incentives for reciprocal global adoption without requiring treaties

Proven Precedent: Alaska's Four-Decade Success

Alaska's Permanent Fund Dividend validates CE's core principles through 40+ years of real-world operation. Every Alaskan resident receives annual payments based on fund performance—\$1,702 per person in 2024. The program maintains 81% public approval across party lines because recipients view payments as their rightful share of Alaska's natural inheritance, not government welfare.

Research demonstrates the dividend's effectiveness:

- Reduced Alaska's poverty rate by 20-40% without significant employment effects
- Provided economic stability during boom-bust cycles in the resource economy
- Built broad political support that makes the program essentially untouchable
- Created automatic adjustment to economic conditions without political intervention

CE extends Alaska's proven model from natural resources to the entire productive economy, creating citizen ownership of the technological and economic infrastructure that enables modern prosperity.

Economic Impact: Conservative Projections Show Meaningful Returns

Analysis using conservative assumptions demonstrates CE's practical viability. The U.S. financial markets provide a \$64.2 trillion capital base (stocks, bonds, executive compensation) for potential contributions.

Three Scenarios:

- **Conservative (6% effective rate, 6% return):** \$700 annually per citizen (\$58 monthly)
- **Moderate (8% effective rate, 7% return):** \$1,090 annually per citizen (\$91 monthly)
- **Optimistic (10% effective rate, 8% return):** \$1,556 annually per citizen (\$130 monthly)

For a family of four, this represents \$2,800-\$6,224 annually—meaningful economic security enhancement given that most Americans struggle with emergency expenses. Unlike fixed welfare payments, these amounts would grow automatically with economic expansion and technological productivity gains.

Funding Mechanism: CE requires no government spending or taxpayer burden. Corporate contributions come from gradual dilution of existing shareholders—primarily affecting the wealthiest 1% who hold 54% of stock market wealth. Implementation over 10 years (1% annually) allows markets to adjust naturally while providing sufficient time for economic growth to offset dilution effects.

Trade Without Wars: Replacing Tariffs with Ownership

One of CE's most powerful applications is as a superior alternative to tariffs. Politicians often frame tariffs as penalties paid by foreign countries, but empirical research is unambiguous: tariffs are passed through to domestic prices at rates near 100%, functioning as regressive taxes on citizens. During the 2018-2019 U.S.-China trade war, researchers found that tariffs were almost entirely borne by American consumers and firms. The pattern repeated with the 2025 tariff measures, with cheaper product varieties—the goods lower-income households depend on—experiencing price increases roughly double those of premium products.

CE's equity-based market access fees change this dynamic fundamentally. Instead of taxing imports at the border—raising consumer prices—CE requires companies to contribute a fraction of their capital liabilities to the sovereign superfund. This cost is absorbed through dilution of the company's global shareholder base, not through higher prices at the checkout counter. The car still costs \$20,000; the handbag still costs the same. The marginal cost of production is unchanged, so the incentive to sell at competitive prices remains fully intact.

Why "retaliation" becomes cooperation: When the U.S. requires foreign companies to contribute based on American sales, other countries face a constructive choice: implement their own CE systems to capture reciprocal contributions from American companies, or watch their citizens miss out. Unlike tariff retaliations that escalate conflict and shrink the economic pie, CE "retaliations" expand the ownership pie for all citizens.

The peace dividend: CE creates entangled economic interests across borders. When American citizens own stakes in foreign companies operating in U.S. markets—and vice versa—both populations develop direct financial incentives for each other's prosperity. Trade disputes become portfolio optimization problems rather than international crises.

International Coordination: Why Sales-Based Rules Neutralize Capital Flight

Traditional corporate regulation—taxation, reporting requirements, compliance mandates—is vulnerable to capital flight because it is anchored to domicile. A company can reincorporate in the Cayman Islands or Ireland and escape the jurisdiction's rules entirely. Decades of profit-shifting and corporate inversion demonstrate that domicile-based regulation invites avoidance.

CE is fundamentally different. Contributions are based on where a company's customers are (Y%), not where it is incorporated. A company can move its headquarters anywhere in the world; if it still wants to sell products to 330 million American consumers, it still contributes to the U.S. superfund. You can shift profits offshore, but you cannot hide where your customers are. Change of domicile affects nothing under CE. This makes capital flight, in the traditional sense, largely irrelevant.

Natural Incentives for Global Adoption: CE's Y% parameter also creates incentives for international adoption without requiring formal treaties. When foreign companies contribute to the U.S. superfund based on American sales, other countries face competitive pressure to implement similar systems—or watch their citizens miss out on reciprocal capital ownership benefits from American companies operating in their markets.

Administrative Superiority: While tariffs require customs inspectors, harmonized tariff schedules, and shipment-by-shipment processing, CE operates company by company using audited financial statements that already exist for tax compliance and securities regulation. The efficiency gains are substantial.

Precedent in Tax Cooperation: The OECD's Base Erosion and Profit Shifting (BEPS) initiative demonstrates successful multilateral coordination on corporate obligations. CE extends these proven frameworks while avoiding their central weakness: BEPS still relies partly on profit allocation, which corporations can manipulate. CE's revenue-based approach is far more resistant to gaming.

Implementation Strategy: Graduated Rollout Minimizes Disruption

Successful CE implementation requires careful sequencing that builds support while managing economic and political risks:

Corporate Participation (10-year timeline):

- Years 1-3: Companies with market cap above \$10 billion (~1,000 companies, ~80% of market value)
- Years 4-6: Companies with market cap above \$1 billion (~3,500 companies)
- Years 7-10: Companies with market cap above \$100 million (~15,000 companies)

International Coordination:

- Phase 1: Core democracies (U.S., EU, Canada, Australia, Japan)
- Phase 2: Additional OECD countries
- Phase 3: Major emerging economies with adapted models

Constitutional Framework: CE operates under federal authority over interstate commerce and corporate regulation. Corporate contributions represent business licensing fees rather than unconstitutional takings, similar to existing regulatory obligations across multiple industries.

Political Economy: Building Sustainable Coalitions

CE creates unique political dynamics that favor long-term sustainability:

Natural Supporters:

- Workers facing automation (McKinsey's 50% displacement projection)
- Young people with diminished economic prospects
- Small business owners seeking security that enables risk-taking
- Technology workers understanding AI's disruptive potential

Addressing Opposition:

- Current capital owners benefit from expanded markets and stable societies
- Business community gains from reduced social instability and increased consumer spending
- Fiscal conservatives appreciate reduced need for traditional welfare programs
- Legal challenges addressed through gradual implementation and strong constitutional foundations

Alaska's Lessons: Universal eligibility maintains broad support while automatic distributions eliminate political manipulation of benefit levels. CE's stakeholder psychology creates constituencies for economic growth rather than redistribution battles.

Risk Management: Safeguards Against Unintended Consequences

Comprehensive risk assessment identifies potential challenges and mitigation strategies:

Economic Risks:

- Corporate restructuring to minimize contributions (prevented by comprehensive liability coverage and sales-based Y% that tracks customers, not corporate domicile)
- Market disruption from rapid implementation (addressed through 10-year phase-in)
- Domicile relocation to non-participating jurisdictions (irrelevant under CE, since contributions follow sales revenue, not incorporation; a company moving its headquarters changes nothing if it continues selling to domestic consumers)

Political Risks:

- Future policy reversal (protected through constitutional safeguards and broad stakeholder support)
- System capture (prevented through independent governance, staggered board terms, and transparency requirements)
- International tensions (managed through flexible adaptation and economic incentives)

Operational Risks:

- Technology failures (addressed through robust infrastructure and gradual rollout)
- Administrative complexity (minimized through building on existing SEC/IRS reporting systems)
- Unintended behavioral effects (monitored through continuous evaluation and adjustment)

The Urgency: A Closing Window for Democratic Reform

The opportunity for proactive economic reform is time-limited. AI adoption jumped from 33% to 65% of organizations in just 10 months during 2023-2024, while automation timelines have accelerated dramatically. Once AI-driven wealth concentration reaches critical mass, the political power of capital owners may make democratic change impossible.

Historical precedent warns of the consequences of extreme inequality. The robber baron era, European aristocracy, and Chinese dynastic cycles all demonstrate how concentrated wealth becomes concentrated political power, leading to social instability and democratic breakdown. January 6th provided a foretaste of what extreme inequality can generate in terms of political violence and institutional stress.

The Choice: We can either manage this transition proactively through democratic ownership expansion, or reactively through social upheaval and potential authoritarian capture. CE offers a peaceful path to economic democracy that harnesses technological progress for shared benefit rather than elite enrichment.

International Competition: Countries implementing CE systems will likely enjoy greater political stability, social cohesion, and long-term economic growth than those allowing extreme concentration. This creates strategic advantages beyond domestic policy benefits.

Conclusion: From Oligarchy to Democracy

Citizens' Equity represents more than economic policy—it embodies a choice between democratic capitalism and extractive oligarchy. By democratizing ownership of productive capital, CE ensures that technological progress serves all citizens rather than a privileged few.

The precedent exists (Alaska), the economics work (conservative projections show meaningful returns), the politics are manageable (graduated implementation with broad stakeholder benefits), the trade implications are transformative (replacing tariffs with ownership), and the urgency is real (accelerating automation and wealth concentration). What remains is the political will to act before the window for democratic reform closes permanently.

CE offers policymakers a practical tool for addressing the defining challenge of our era: ensuring that artificial intelligence and automation create shared prosperity rather than unprecedented inequality. The choice between economic democracy and technological oligarchy will shape the next century of human development. The time to choose wisely is now.

This executive summary draws from extensive research on automation trends, wealth concentration, international trade policy, and democratic governance. Full documentation and detailed implementation frameworks are available in the complete [Citizens' Equity monograph](#).

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