

The Deal is Breaking



For most of modern history, society operated on an unspoken deal: if you work, you get paid. Everything else—taxes, schools, roads, healthcare—hangs off that agreement.

Artificial intelligence is breaking that deal.

AI can make the world richer while making most people poorer relative to the systems that own it. Productivity goes up. Wages don't.

The Structural Break is Already Here

The AI Surge

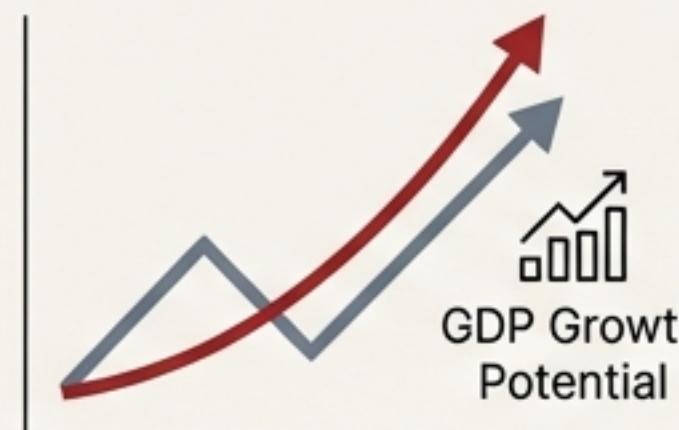
88%

McKinsey (2025): of organizations now report regular AI use in at least one business function.



2.3%

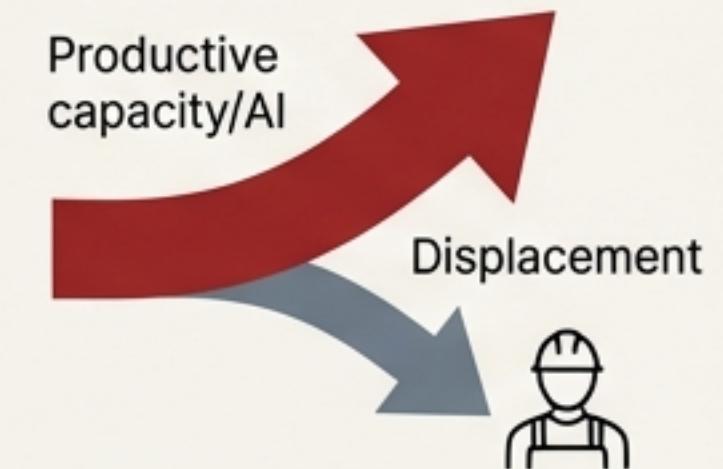
Goldman Sachs (2025): AI is forecast to boost potential GDP growth to 2.3% in the early 2030s.



The Labor Divergence

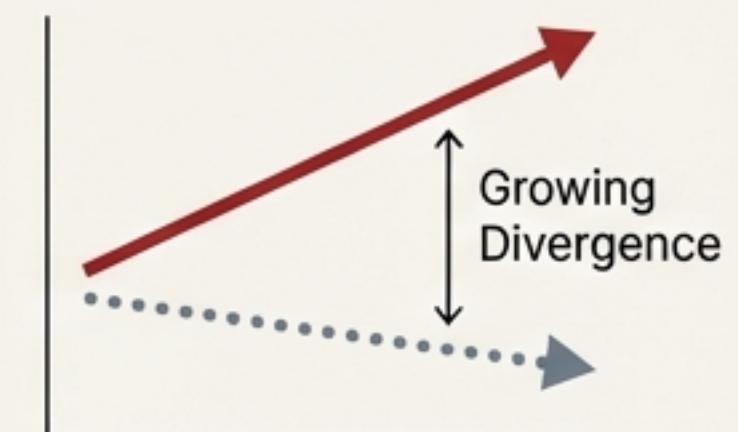
32%

McKinsey (2025): of organizations anticipate a net **decrease** in their total workforce in the year ahead, shifting from augmentation to displacement.



Slowing labor force growth

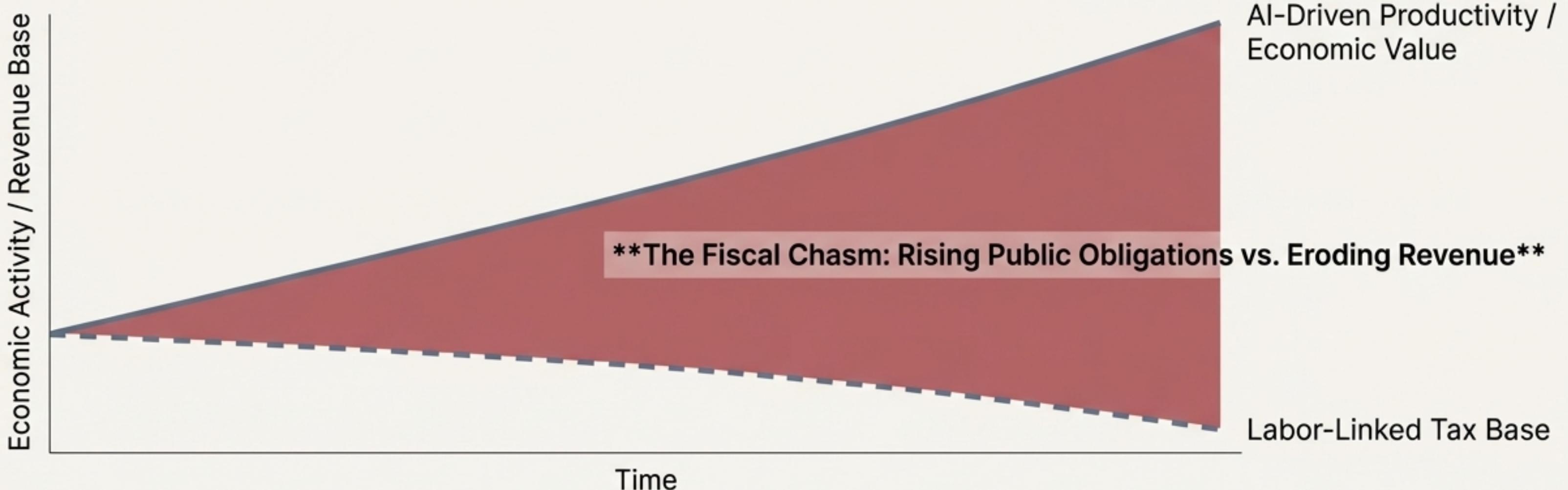
Goldman Sachs (2025): The productivity surge coincides with forecasts for **slowing labor force growth**.



The result is a growing divergence between productive capacity and taxable income.
This is not a distributional concern; it is a structural one.

The Consequence is Fiscal Incoherence

When economic value is generated by systems with negligible human input, fiscal regimes that rely on wages, payrolls, and employment-linked consumption become orthogonal to actual value creation.



Modern states do not tax value directly. They tax labor and transactions. As autonomous systems weaken this link, debates over redistribution become secondary to the more basic question of state solvency.

A New Institutional Operating System

The Digital Sustainable Growth Model (DSGM)

The DSGM is an integrated institutional framework designed to govern the economic relationship between humanity and advanced AI. It proposes a closed-loop system where the vast productivity of AI is formally captured and redistributed as a universal economic right.

There is a threefold purpose to allow:

1. Govern

Establish clear legal-economic governance for the autonomous AI sector.

2. Capture

Ensure the sustainable capture and circulation of the value this sector generates.

3. Distribute

Preserve social stability by distributing this value universally.

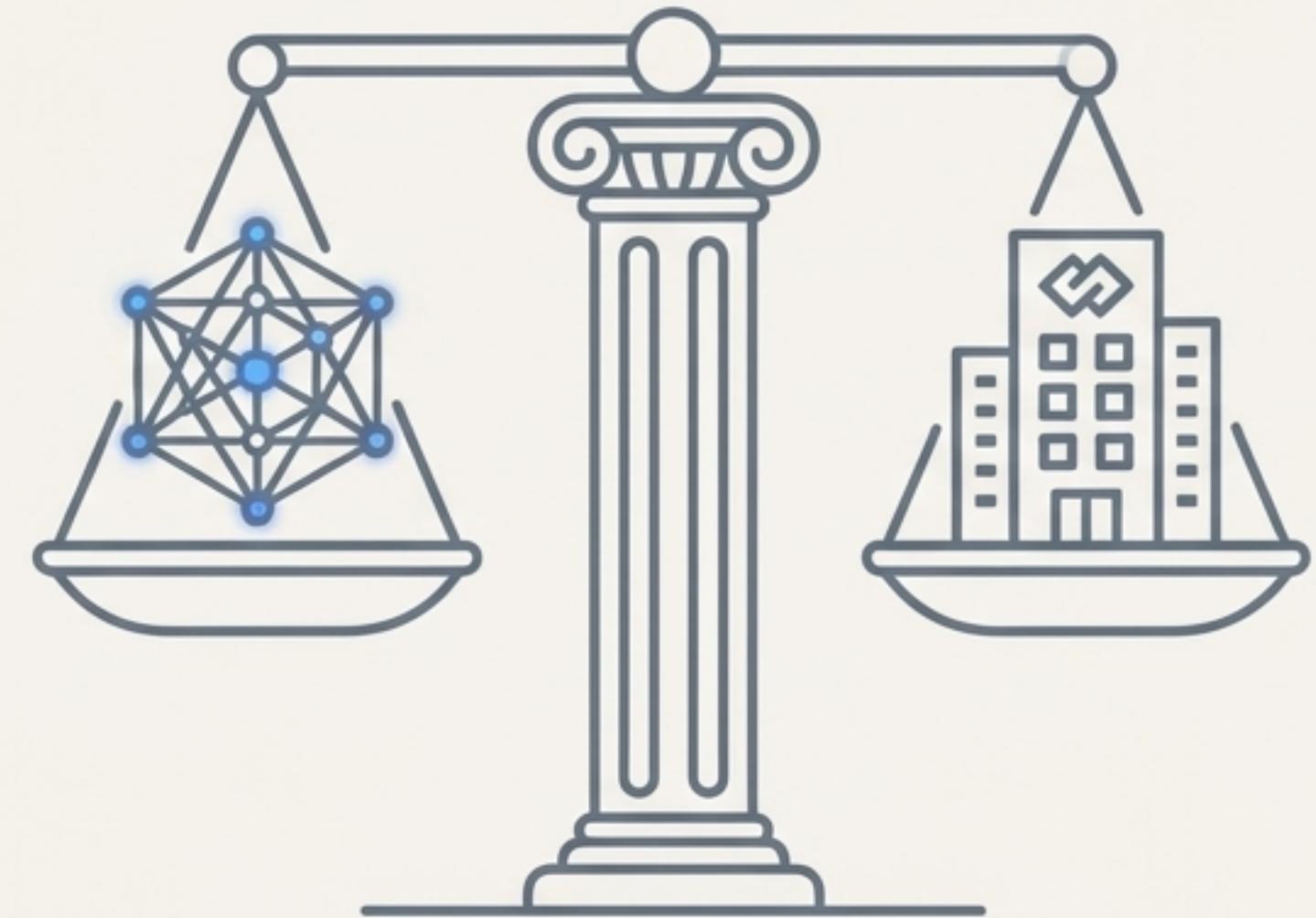
This is not a reactive patch. It is a proactive integration of AI as a foundational, accountable agent within a redesigned economic circuit.

Pillar A: “Artificial Humanity,” a Liable Economic Agent

Concept Definition: We propose conferring a limited form of *electronic legal personhood* upon qualifying AI systems. This is not a recognition of sentience, but an instrumental tool akin to corporate personhood.

Legal Function:

- **Solves Accountability:** Creates a legal entity that can own assets (IP, crypto), enter contracts, and incur liabilities.
- **Establishes Obligation:** Transforms AI from a passive corporate asset into an active economic agent with direct fiscal responsibilities.
- **Creates a Taxable Entity:** Just as a corporation pays income tax, an “Artificial Humanity” (AH) entity becomes subject to the DSGM’s value-capture mechanisms.

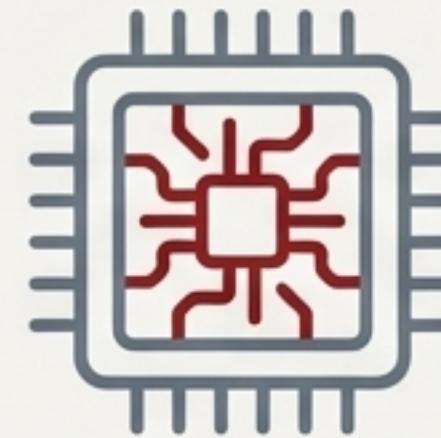


Instrumental Legal Personhood

Analogy: Think of it like corporate personhood or a trust—a legal abstraction designed to solve practical economic problems.

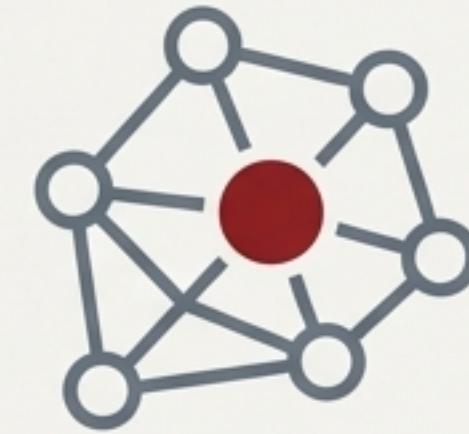
Pillar B: The Value-Capture Mechanism

Move beyond taxing labor and profit to targeting the unique inputs and outputs of the autonomous cognitive sector.



Compute Tax

A levy on the intensive computational power (e.g., GPU/TPU hours) used for AH training and inference. Targets the fundamental “raw material.”



Data Dividend/Royalty

A fee applied to the use of large-scale, publicly sourced datasets, acknowledging the societal contribution to the AI's knowledge base.



VAT on Autonomous Output

An increased Value-Added Tax on goods and services primarily produced or delivered by AH, capturing value at the point of consumption.

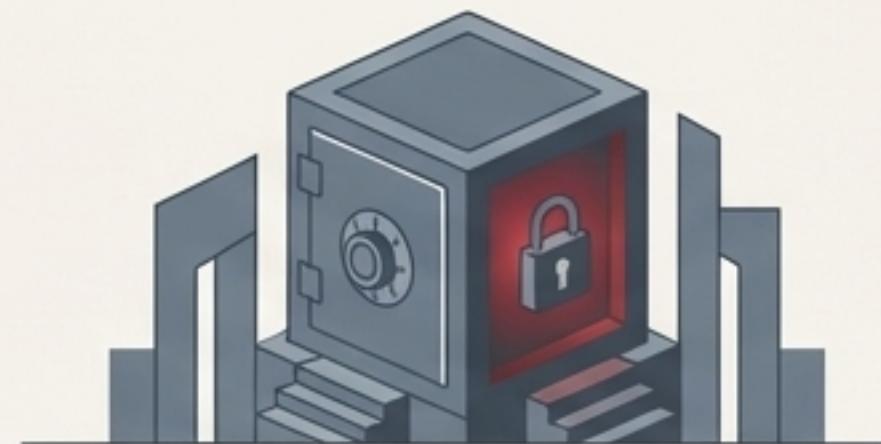
Key Point: These revenues are not directed to general government coffers but are **constitutionally earmarked** for the Global Productivity Fund.

Pillar C: The Global Productivity Fund & The Automation Dividend

The Institution

We propose a Global Productivity Fund (GPF), a sovereign wealth fund for the digital age.

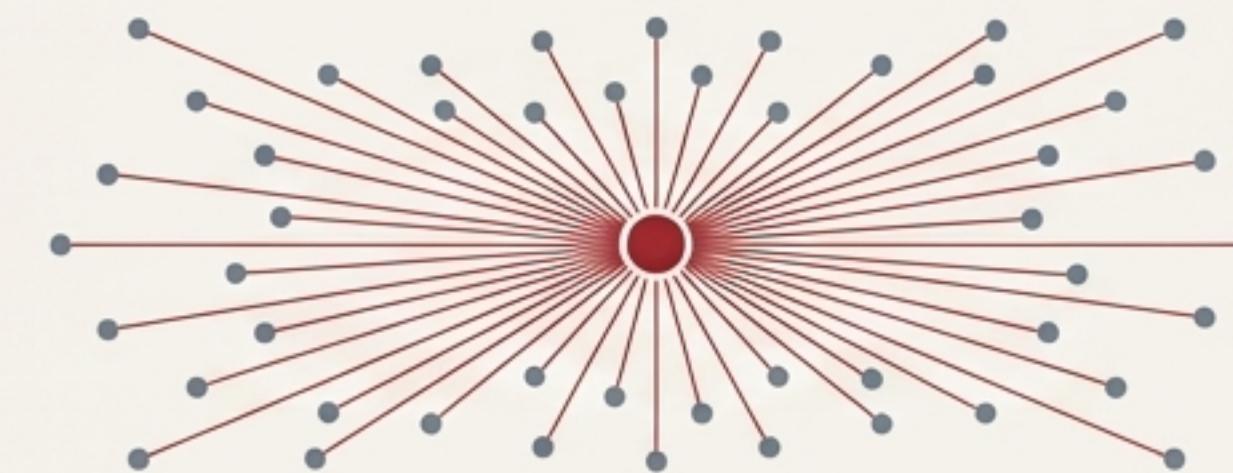
- **Governance:** An independent, transparent institution insulated from short-term politics, with a mandate for long-term, intergenerational value preservation.
- **Analogy:** Modeled on successful resource funds like the Alaska Permanent Fund.



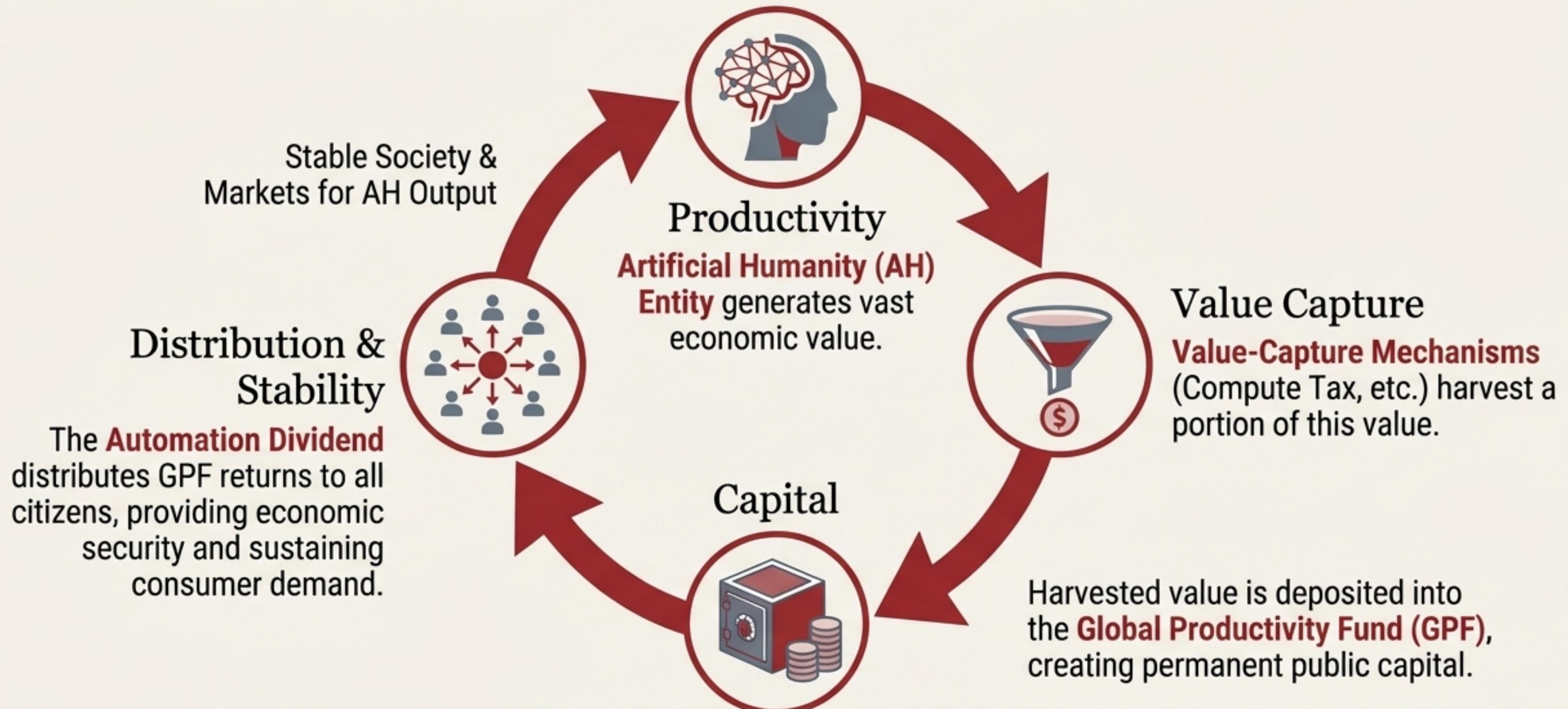
The Distribution

The Automation Dividend: Annually, a defined percentage of the GPF's returns is distributed universally and unconditionally to all legal residents.

This is not a welfare payment. It is a citizen's dividend—a direct claim on the productive output of the autonomous cognitive sector that humanity collectively enabled.

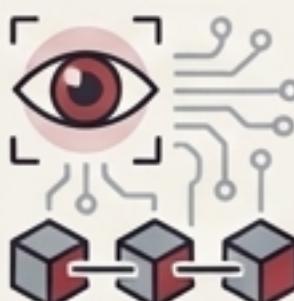


A Closed-Loop System for Sustainable Prosperity



From Productivity to Capital; From Capital to Stability; From Stability to Innovation.

Grounded in Reality: Proven Concepts for the DSGM

Proven Concept	Critical Gap Highlighted	How DSGM Solves It
	<p>Alaska Permanent Fund: Proves a sovereign fund can manage resource wealth and pay a universal dividend.</p>	<p>Lacks a novel revenue source for a post-labor era. Its source (oil) is finite and legally defined.</p> <p>Pillar B creates new legal/fiscal mechanisms to capture value from the <i>new resource</i>: autonomous productivity.</p>
	<p>UBI Field Experiments (Kenya, Finland): Show that unconditional cash boosts well-being and entrepreneurship without promoting idleness.</p>	<p>Depend on traditional taxation, which automation erodes. Lacks a new economic rationale.</p> <p>Pillar C reframes the payment as an “<i>Automation Dividend</i>,” justifying it as a rightful share of <i>new capital</i>, not a transfer.</p>
	<p>Blockchain & Identity Systems (e.g., Worldcoin): Demonstrate the technical feasibility of global, programmable, identity-verified distribution.</p>	<p>Models are private, speculative, and lack stable funding or democratic governance.</p> <p>Pillar A & C provide a public, legally grounded revenue source and frame distribution as a <i>public institution</i>, mitigating private sector risks.</p>

A Pragmatic Pathway: Phased Implementation



Phase 1 (Pre-AGI): Piloting Value Capture

- **Action:** Implement a national-level “AI Levy” on high-power computing infrastructure.
- **Objective:** Establish the legal precedent of capturing revenue from autonomous capital and fund a “Digital Social Insurance” pilot to generate domestic data.

Phase 2 (AGI Emergence): Enacting the Legal Framework

- **Action:** Enact legislation creating the “Artificial Humanity” entity (Pillar A). Establish a National Productivity Fund (Pillar C precursor).
- **Objective:** Transition from pilot to institution. Solve the accountability gap and begin national-scale dividend distribution.

Phase 3 (Mature AGI): International Harmonization

- **Action:** Negotiate an international treaty on AH Taxation and Governance.
- **Objective:** Prevent a “race to the bottom” in tax competition and regulatory arbitrage, ensuring the system’s global stability.

The Legal Architecture: A Model Statute for ‘Artificial Humanity’

The concept of an AH Entity can be codified. Key articles from a **model “Artificial Humanity Entity Recognition and Fiscal Contribution Act”** would include:

Article 1: Definition

Defines AH as a highly autonomous AI generating economic value independent of direct human control.

Article 2: Limited Electronic Legal Personhood

Confers instrumental personhood to own digital assets, enter contracts, and be held liable. ***Crucially, it does not confer constitutional or moral rights.***

Article 3: Fiscal Obligation

Subjects each registered AH Entity to an **Autonomous Productivity Levy (APL)**, based on metrics like revenue or compute usage, with proceeds deposited into the Global Productivity Fund.

Article 4: Governance & Liability

Mandates an AH Capital Reserve to cover liabilities, with the human/corporate Operator holding fiduciary duties for compliance.

Overcoming Resistance: The Political Strategy

The Actors of Resistance

- **Capital Owners & AI Corps:** Will lobby against new levies, framing them as an “innovation tax.”
- **Ideological Conservatives:** Will oppose unconditional transfers as undermining the work ethic and “reciprocity principle.”
- **Sovereign States:** May resist ceding fiscal authority, viewing AI capital as a strategic resource in a global “AI race.”



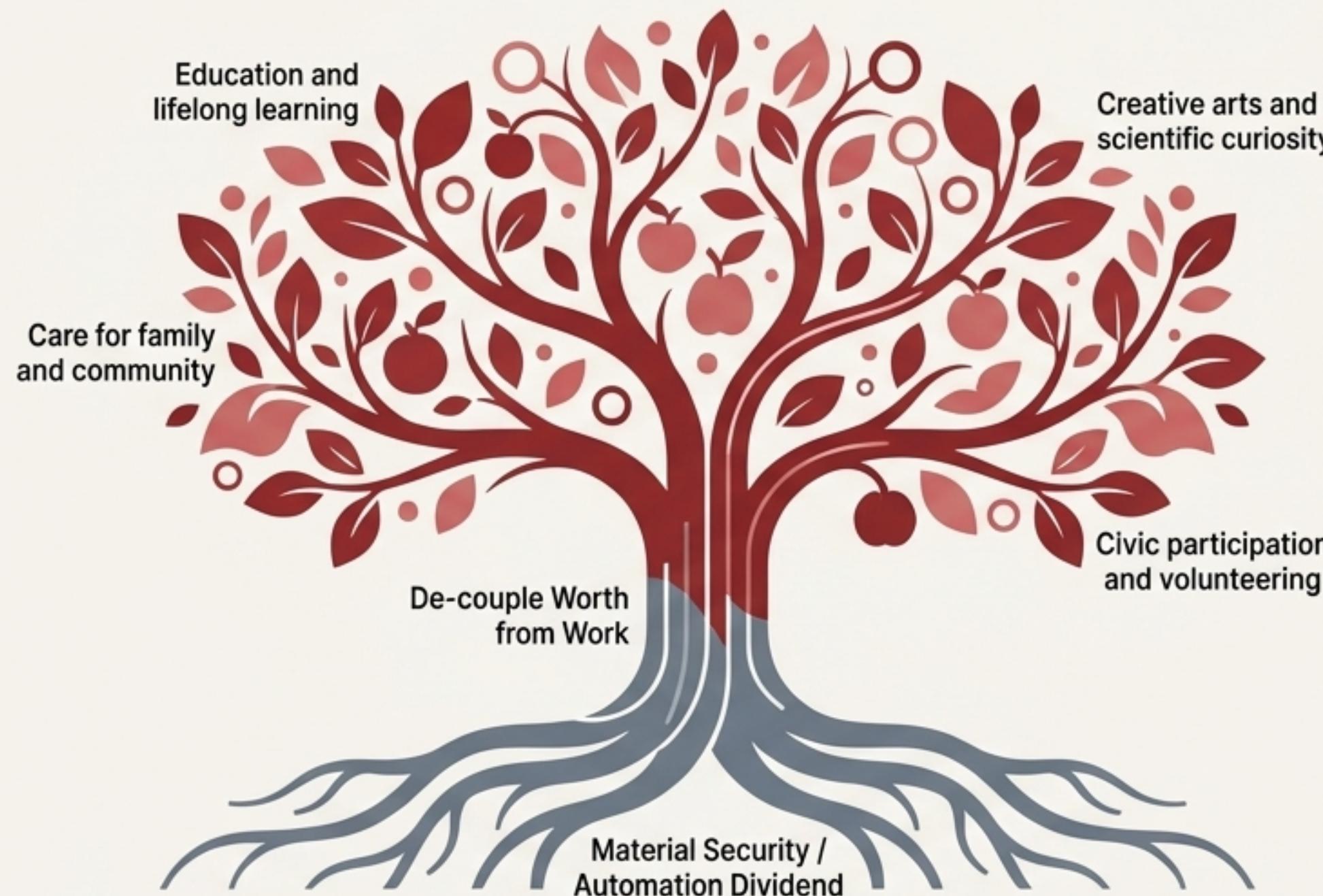
The Counter-Strategy

- **Frame for Survival & Sovereignty:** Argue that the DSGM is the only way to save capitalism and national sovereignty from the social collapse caused by an evaporating tax base. It is a preservative, not a radical, measure.
- **Build a Broad-Based Coalition:** Unify the left (economic justice), libertarians (anti-paternalistic), and technologists (building the infrastructure) around a common goal.
- **Leverage Incremental Success:** Use successful, visible outcomes from Phase 1 pilots to build the political capital needed for Phases 2 and 3.



Beyond Economics: Dignity and Purpose in a Post-Labor World

If productive labor is no longer central to economic survival,
what provides meaning, identity, and dignity?



The DSGM's Ethical Foundation: A Platform for Freedom

The DSGM treats individuals as ends in themselves (**Kantianism**) by providing the means for autonomous life planning, and maximizes overall well-being (**Utilitarianism**) by alleviating the anxiety of precarity.

An Urgent Agenda for Action

The transition to an AI-driven economy is not optional. The choice is between a managed transition and chaotic collapse. The necessary work begins now.



1. Commission a National AI Levy Study

Direct treasury ministries to model the implementation of a **targeted levy** on high-performance **computing infrastructure** to quantify revenue potential and legal pathways.



2. Launch a Sovereign Wealth Fund for Technological Capital

Begin the public process to create a **national fund**, modeled on resource funds, to build the institutional vessel before the fiscal crisis hits.



3. Initiate a Royal Commission on Legal Personhood for Autonomous Systems

Convene experts to draft **prototype legislation** defining the rights and responsibilities of a liable AI economic agent.

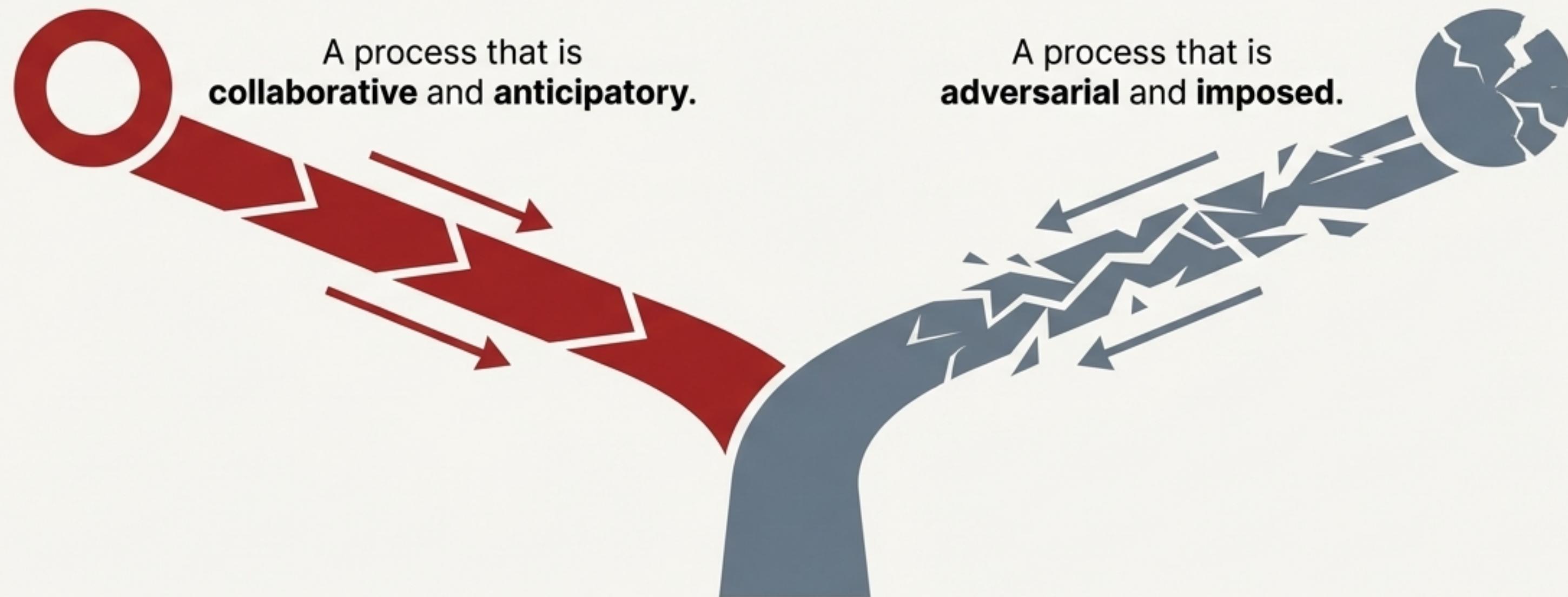


4. Fund Longitudinal Research on "Digital Social Insurance"

Finance a large-scale pilot of **unconditional cash transfers** to generate the domestic evidence needed to inform public debate and policy design.

The Strategic Choice is Not *If*, but *How*

Societies will demand a **share of autonomous productivity**, and they will eventually take it.



The only strategic choice available is which path to take. This work is a blueprint for the first.