The Shareholder Commonwealth

Owning the Machines Together: the Case for Universal Capital, and the Path That Actually Reaches It

Aaron Long

Draft 1.1 · Full edition · August 2026

Working paper. Not peer-reviewed. Unlike its two companions, this paper is advocacy and says so: it argues for a destination, and maps the road.

Third in a sequence: "Nobody to Blame" (attribution), "The Disarmed Countermovement" (leverage and the five worlds), and now the case for World III.

Abstract

If artificial intelligence ends up doing most of the work, the companion paper argued, the feasible futures reduce to a short menu: a rentier regime, a caretaker state, a perfected autocracy, or a commonwealth of universal ownership. This paper argues for the commonwealth — that it is not merely the least bad item on the menu but the best on principled grounds — and then does the harder thing: shows the road to it, step by step, out of materials that already exist in 2026.

The case that it is best stands on three legs. **Freedom:** by the republican standard — Pettit's non-domination, Douglass's hatred of slavery itself and not its incidents — a population living on revocable transfers from a power that no longer needs it is unfree however generous the transfers; only ownership passes the eyeball test. **Justice:** Rawls himself concluded that welfare-state capitalism fails justice as fairness — it “permits a small class to have a near monopoly of the means of production” — and endorsed property-owning democracy: widespread ownership of assets at the start of each period, “to put all citizens in a position to manage their own affairs.” The AGI economy makes his abstract distinction concrete and urgent. **Stability:** in the concession-function terms of the companion paper, the commonwealth is the only world where power remains permanently obliged to ordinary people, because they hold the equity and its votes — leverage constitutionalised rather than rented.

The case that it is reachable is empirical, and 2025–26 supplied the evidence. Every component already runs somewhere: Norway votes a $2 trillion public portfolio at eleven thousand shareholder meetings a year; Alaska has paid a universal dividend for four decades and built an electorate that would rather pay income tax than lose it (29 to 64 per cent preference shift over thirty-three years); Australia compounded mandatory personal accounts into A$4.4 trillion in one generation; the United States government now holds ten per cent of Intel, a golden share in U.S. Steel, and a chartered nonprofit holds $130 billion of OpenAI; a bill creating an American AI sovereign fund paying universal dividends sits in the Senate; and sixty-nine per cent of Americans tell pollsters AI firms should transfer stock to a public fund — while only nineteen per cent support “government owning companies.” That fifty-point wedge is the political science of the whole project: citizen ownership with a dividend is popular; state ownership is not; they are the same instrument differently governed. The one great failure, Sweden's Meidner plan, teaches the design rules by negation: universal, not class-bound; dividend-first; corpus constitutionalised; management independent. And the arithmetic carries a property no other social insurance has ever had: funded in equity, the commonwealth pays most in exactly the states of the world where wages collapse. It is the only policy whose payout is correlated with the disaster it insures.

JEL: D31, D63, H23, J58, P14, P16. **Keywords:** property-owning democracy, sovereign wealth funds, universal basic capital, predistribution, republicanism, AI rents, policy feedback.

Claims, citations, and a candour note

House rules as in the companion papers: every load-bearing empirical claim carries a named source; unverifiable claims are flagged. One candour note is owed because this paper is advocacy: the author wants this conclusion. The discipline against wanting it into truth is Part V, which states the five strongest objections at full strength before answering them, and Section 19's indicators, which specify what would show the road is closed. A second candour note: several proposals discussed here originate with executives of AI companies (Altman's equity fund, Amodei's token tax) whose firms would be the levied parties — interest cuts both ways and is flagged where it matters.

Contents

Part I — Why the Commonwealth is the best world

1. What is being argued, and against what

The companion paper mapped five worlds a machine economy can settle into and showed that the unmanaged trajectory drifts toward the three bad ones — meagre rentierism, comfortable tutelage, or surveillance-priced autocracy — because concession stops being necessary when leverage is gone. This paper defends the fourth world on its merits and charts its construction. The claim, plainly: **every adult a shareholder of the automating economy — individually endowed, collectively governed, constitutionally entrenched — is the best feasible settlement of the machine age, and it can be reached by a sequence of ordinary legislative acts, each politically survivable, each making the next easier.** The standard of proof for "best" is not utopian comparison but superiority over the reachable alternatives on stated criteria: freedom, justice, stability, and honest treatment of the meaning problem. The standard for "reachable" is stricter: every step must have a working precedent or a live legislative vehicle in 2026.

2. The freedom argument: the eyeball test

The republican tradition defines freedom not as non-interference but as non-domination: to be free is to be secure against arbitrary power, not merely unbothered by it today. Pettit's formulation is exact — unfreedom exists wherever another holds "the capacity to interfere in [your] affairs on an arbitrary basis," *whether or not the capacity is ever used*. The benevolent master is the tradition's central case, and its most famous witness is Frederick Douglass: "it was slavery — not its mere incidents — that I hated." A kind master is still a master; dependence on goodwill is the injury itself. Pettit's operational test: institutions should let each person "look others in the eye... without any fear or deference."

Apply the test to the menu. The Caretaker State — generous, tutelary, revocable — is the benevolent master built at civilisational scale; Belloc saw it coming in 1912 and called it the Servile State: masses guaranteed subsistence in exchange for permanent dependence. The rentier and autocratic worlds fail more loudly. Only ownership passes: a dividend that arrives because you hold a share is not a favour, and a trustee you elect is not a patron. The distinction between a transfer and an entitlement-by-property looks technical and is actually the whole difference between subject and citizen — which is why the paper's title says commonwealth, a word the republican tradition used on purpose.

3. The justice argument: Rawls against the welfare state

The strongest philosophical warrant comes from the philosopher most associated, wrongly, with the welfare state. In his final statement of the theory, Rawls ruled that **welfare-state capitalism fails justice as fairness**: it "rejects the fair value of the political liberties," "permits very large inequalities in the ownership of real property... so that the control of the economy and much of political life rests in a few hands," and — his own version of the Caretaker critique — tends to produce "a discouraged and depressed underclass many of whose members are chronically dependent on welfare." His remedy is property-owning democracy: not redistribution of income "at the end of each period" but "the widespread ownership of assets and human capital... at the beginning of each period," whose intent is "to put all citizens in a position to manage their own affairs on a footing of a suitable degree of social and economic equality." Rawls took the term from Meade, who had proposed it — with a social dividend from publicly held capital — in a 1964 book motivated explicitly by automation. The lineage is not being conscripted; it volunteered.

What the AGI economy changes is the stakes of Rawls's distinction. Under full automation the "beginning of each period" is the only period there is: if wages carry no distributive weight, then asset endowments settle everything, permanently. Welfare-state capitalism with a labor share near zero is not a compromise position; it is the Caretaker State. Justice as fairness, taken at its word, has exactly one institutional expression left.

4. The personality argument: property and standing

The companion paper ended on the claim that property becomes "the residual claim to mattering" when labor no longer earns one. The philosophical ancestry is Hegel's: property is "the first embodiment of freedom and so is in itself a substantive end" — in owning, "I as free will am an object to myself." A transfer feeds you; ownership constitutes you as a person among persons, with standing to act rather than receive. This is also the honest answer to the meaning problem, so far as policy can give one. No statute manufactures purpose. But the Commonwealth is the only world on the menu in which the human predicament after work is faced as *principals* — with assets, votes, and the standing to build the Preserve, fund the practices, and govern the machines — rather than as wards of whoever owns them. Aristotle's leisure was the activity of free men. The operative word was never leisure.

5. The stability argument: leverage constitutionalised

The companion paper's engine — concede iff concession is cheaper than refusal — explains why the good outcomes of the industrial era decayed after 1980: leverage rented from tight labor markets expires when the market loosens. The Commonwealth is the unique settlement that solves the engine's problem permanently, by moving the leverage inside the constitution. Citizens who hold the equity of the machine economy hold what power needs in every period: its capital, its legitimacy, and its votes — corporate and political. The concession function stops binding because there is no longer a bargain to renege on; the citizens are not counterparties to the settlement but its shareholders. This is the same trick constitutional democracy performed on political power — convert a revocable concession (the king's indulgence) into a standing right (the franchise) — applied to economic power, and it is why "shareholder" is the right metaphor: a share is the one instrument civilisation has built whose whole purpose is to make a claim survive the claimant's usefulness.

Against the alternatives, in one paragraph each. vs. World I (rentier drift): dominated on every criterion; its only advantage is requiring nothing, which is how defaults win. **vs. World II (caretaker):** identical consumption, opposite standing — II fails the eyeball test, Rawls's test, and the stability test (transfers are repealable; endowments are not). **vs. World IV (autocracy):** no shared criteria to argue over. **vs. UBI-only programs:** UBI is World II's instrument; in the Commonwealth a floor income appears anyway — as a dividend, held by right. **vs. World V (preserve):** not a rival but a dependency: only owners can afford to keep domains human. The Commonwealth is the precondition of every humane version of the other worlds.

Part II — The lineage: this idea is older than the republic

6. Paine's fund: “not charity but a right”

In 1797 Thomas Paine proposed a National Fund paying “to every person, when arrived at the age of twenty-one years, the sum of fifteen pounds sterling” and ten pounds a year to everyone over fifty — financed by a levy on inheritances, on the ground that “the earth, in its natural, uncultivated state was, and ever would have continued to be, the common property of the human race,” so that every proprietor “owes to the community a ground-rent.” The payment was universal by design — “to every person, rich or poor... because it is in lieu of the natural inheritance, which, as a right, belongs to every man” — and Paine's sentence for it has waited two centuries for its moment: **“It is not charity but a right, not bounty but justice, that I am pleading for.”** Substitute the machine economy's rent base — models trained on the accumulated knowledge of the species, run on enclosed compute and spectrum — for Paine's land, and the argument transfers without modification: the general intellect is the common inheritance; a universal endowment is its ground-rent. Harrington had supplied the political science a century before Paine ('such as is the balance of property, such is the nature of the empire'), and Jefferson the American echo: “legislators cannot invent too many devices for subdividing property,” written from Fontainebleau in 1785 upon observing what concentrated property had made of France.

7. America has done it twice

The objection that mass capital endowment is un-American collides with the two largest asset-distribution programs in history, both American. The Homestead Act of 1862 processed 1.6 million claims and conveyed 270 million acres — ten per cent of the land of the United States — to households on residence and improvement conditions. The GI Bill of 1944 put 7.8 million veterans through education or training (49 per cent of 1947 college admissions) and backed 2.4 million home loans by 1952, building the mid-century middle class that the postwar decades then took as natural. Both were endowments, not transfers; both created owners, and the owners created the politics that defended the programs. Neither was framed as redistribution; both were framed as the republic equipping its citizens. The Commonwealth asks for nothing more exotic than a third instalment, with equity in the machine economy standing where the frontier and the mortgage stood.

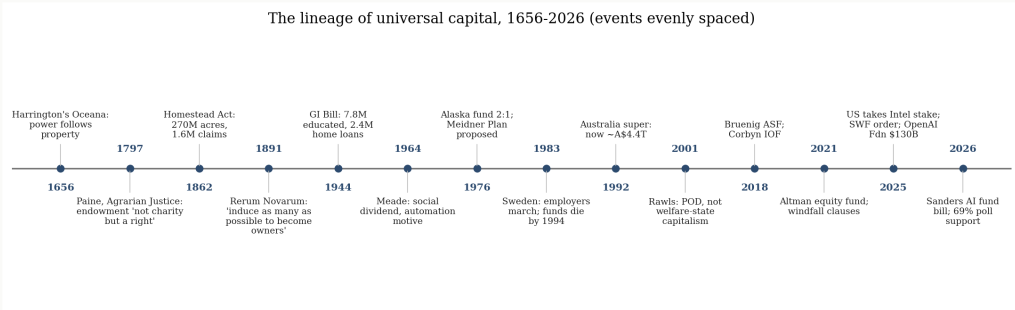

Figure 1 — The lineage of universal capital, 1656–2026.

From Harrington's balance of property to the 2026 Senate bill: the idea that a republic requires distributed ownership is older than industrial capitalism, has been enacted at scale twice in the United States, runs today in Norway, Alaska, and Australia, and failed once, instructively, in Sweden.

Sources in text; author's construction.

8. The living funds

Norway answers the governance objection. The Government Pension Fund Global holds about $2 trillion — roughly 1.5 per cent of every listed company on earth — under a parliamentary mandate, votes at more than 11,000 shareholder meetings a year and publishes its voting intentions five days in advance, screens through an independent ethics council, and spends under a fiscal rule (3 per cent of fund value) that has held through every government since 2001. A public fund can be enormous, activist in governance, and boringly clean for a quarter of a century. **Alaska** answers the constituency question. The 1976 constitutional amendment (passed two to one) protects the corpus; the dividend has paid every resident since 1982; and by 2017, 64 per cent of Alaskans preferred introducing a state income tax to ending the dividend — against 29 per cent in 1984. Thirty-three years of universal receipt manufactured its own defenders, across party lines (90 per cent prefer universal to means-tested distribution). Its cautionary half: the *dividend formula* was merely statutory, and when oil revenue collapsed the legislature cut it — the corpus held, the flow was raided. Constitutionalise both. **Australia** answers the scale question: compulsory superannuation, begun at 3 per cent of wages in 1992, now 12 per cent, compounded into A$4.4 trillion — one and a half times GDP, the world's fourth-largest pension pool, politically irreversible because every worker holds an account. Its lesson runs the other way too: individual accounts alone mirror wage inequality, so the Commonwealth needs both legs — a collective fund with equal citizen shares, and individual accounts on top. **New Mexico** answers the use-case question: in 2022 its voters raised the Land Grant Permanent Fund distribution by referendum (70–30) and by 2025 the state was funding universal free child care from resource-fund returns — a US state already converting a permanent fund into a universal service.

9. Sweden: the failure that teaches

The one full-scale attempt to socialise corporate equity in a democracy failed, and its autopsy is the most useful document in this literature. The Meidner plan (1976) would have issued 20 per cent of annual profits as new shares into wage-earner funds until the funds held control of Swedish industry. What was enacted in 1984 was a caricature — five regional funds, capped small, buying existing shares — and it died anyway: the employers' confederation put eighty to a hundred thousand people on the streets of Stockholm on 4 October 1983, the largest business demonstration in Swedish history, and the Bildt government abolished the funds in 1991, handing the assets to research foundations. Not one krona ever reached a worker as a visible benefit.

Read against Alaska, the design rules fall out by negation. The funds were **class instruments, not universal ones** — run by unions, benefiting “wage-earners,” so every non-member was a bystander and every owner an enemy; Alaska made every resident a beneficiary and had no bystanders. They were **accumulation-first, dividend-never** — decades of buildup before anyone saw benefit, which handed the opposition a long window to kill the plan before it grew defenders; Alaska paid cash in year two. They were framed as **socialisation of control**; Alaska was framed as every citizen's share of the commons. And they were **statutory and reversible**; Alaska's corpus is constitutional. Universal, dividend-first, ownership-framed, entrenched: the Meidner failure is the Commonwealth's instruction sheet.

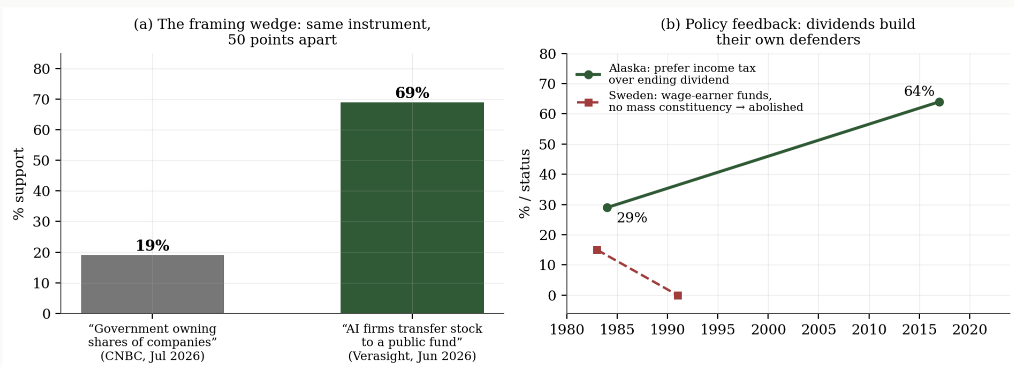

Figure 2 — The political science in two panels.

(a) June–July 2026 polling: 69 per cent support requiring AI companies to transfer stock to a public fund (Verasight), while 19 per cent support “government owning shares of companies” (CNBC All-America survey) — the same instrument, fifty points apart on framing and governance. (b) Policy feedback in action: Alaska's electorate moved from 29 to 64 per cent preferring taxes over dividend cuts across three decades of receipt; Sweden's funds, which never paid a visible benefit, were abolished without a defender.

Sources: Verasight (June 2026); CNBC/Hart-POS (July 2026); Harstad/ESP Alaska survey (2017); Swedish fund history in text.

Part III — The economics

10. Buy the stock, not the flow

The companion papers established the economic logic the instruments must serve. If automation completes, the labor share goes to zero and the surplus migrates to owners of equity and, in the limit, of the non-reproducible base — land, energy, compute, enclosed data. Income taxes and transfers chase the flow; the flow's source is the stock; and the stock is where the AI boom is actually showing up (AI-related investment was roughly nine-tenths of measured US GDP growth in the first half of 2025, while the top decile already holds 87.4 per cent of corporate equities). A settlement that taxes flows leaves the stock — and therefore the future — where it sits. The Commonwealth's instruments are therefore stock instruments: levies paid in newly issued shares (dilution of incumbents, not cash extraction from operations), conversion of public subsidies into public equity, contributed public assets (spectrum, data rights, land rents), and windfall-clause equity from AI restructurings — the OpenAI Foundation's $130 billion stake, extracted in 2025 by two state attorneys general as the price of a corporate conversion, is the proof that even private frontier labs can be made to endow the public at scale.

11. The arithmetic of a citizens' fund

Orders of magnitude, from the companion script (fund_arithmetic.py; mechanical compounding, nominal, no general-equilibrium feedback — Appendix A states every assumption). Three funding paths: a one-shot seed of roughly $7 trillion (the scale of the bill now in the Senate); a full Altman-style levy of 2.5 per cent of large-company market value per year, paid in shares; and a deliberately modest **ratchet path** — a 1 per cent annual share levy plus conversion of roughly $100 billion a year of existing subsidies into equity, the only path this paper's politics actually requires. Three states of the world: AI fizzles, AI booms, AI transforms.

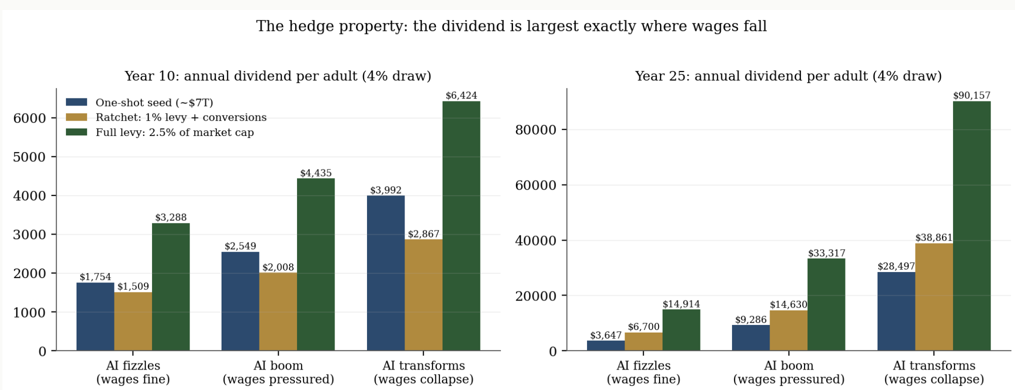

Figure 3 — Annual dividend per adult under three funding paths and three AI outcomes (4 per cent draw, 260 million adults).

At year ten, the modest ratchet pays roughly $1,500 per adult if AI fizzles, $2,000 in a boom, and $2,900 if AI transforms the economy; the full levy pays $3,300 to $6,400. By year twenty-five the transform-state figures reach five digits on every path — mechanical extrapolations to be read as directions, not forecasts. The pattern to notice is the slope within each panel: payouts rise exactly as the world worsens for wage earners.

Source: fund_arithmetic.py (this folder); assumptions in Appendix A. Nominal dollars, no behavioural response modelled.

Two honest notes. First, the year-25 transform-state numbers are absurd on their face ($39,000 per adult on the ratchet path) precisely because sustained 10 per cent equity-base growth for a quarter century is what “AI transforms the economy” *means*; the arithmetic is reporting the size of the thing being fought over, not promising a payout. Second, none of these paths require confiscatory rates: 1 per cent annual dilution is well inside the range of ordinary executive stock-compensation dilution that shareholders already absorb without noticing.

11.1 The ladder: what fund buys what income

Readers should be able to locate any promise on a single scale. At a 4 per cent draw across 260 million adults, every $6.5 trillion of fund buys $1,000 of annual dividend per adult. That one conversion factor prices the entire debate:

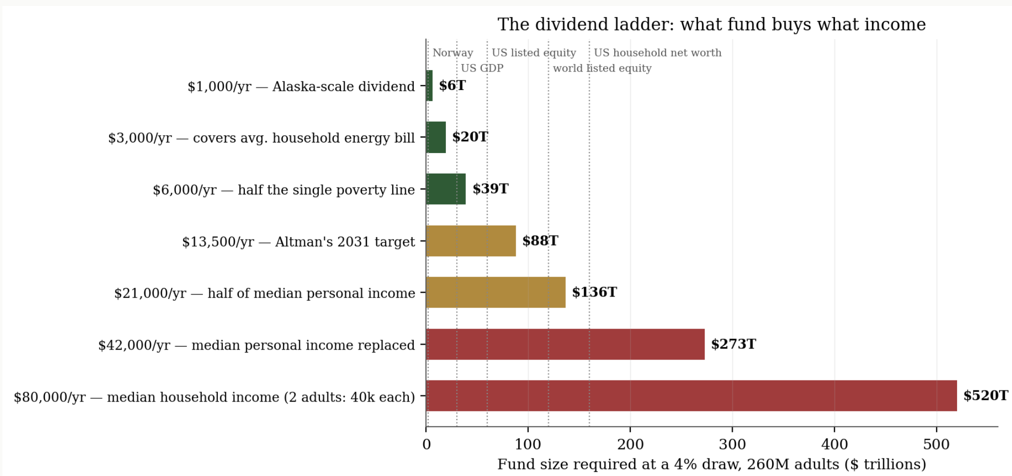

Figure 4 — The dividend ladder.

Fund size required for each dividend level, against the reference magnitudes. Green rungs (up to ~$40T) are reachable from levies and conversions inside the present American equity base; the gold rungs require the fund to ride substantial AI-driven appreciation; the red rungs — wage-replacement dividends — require fund sizes at or beyond today's entire world equity market, which is precisely the paper's point: they are reachable only in the transform state, where the equity base itself has exploded — and unreachable by taxation of any politically imaginable kind.

Income anchors approximate (2025-26): single federal poverty line ~$15.6k; median personal income ~$42k; median household ~$80k. Alaska 2025 PFD: $1,000.

Three readings of the ladder. First, the bottom rungs are cheap: an Alaska-scale national dividend needs $6.5 trillion — roughly the scale the Senate bill's levy would seed at a stroke, or seven years of the modest ratchet. Second, the middle rungs are where policy lives: a $5,000–6,000 dividend (a material floor: half the poverty line, roughly a full Social Security spousal supplement) needs a $32–39 trillion fund — about half of today's listed market, unreachable by levy alone at plausible rates, reachable by levy *plus appreciation* within 13–22 years depending on the AI state. Third, the top rungs answer the commonest objection — “a dividend can never replace wages” — correctly and in reverse: under present valuations it cannot; if AI genuinely replaces wages at scale, valuations will not be present ones, and the ladder's denominators grow into reach. The dividend replaces wages only in the world where wages need replacing. That is the hedge property, read off a bar chart.

11.2 When the checks get big: milestones

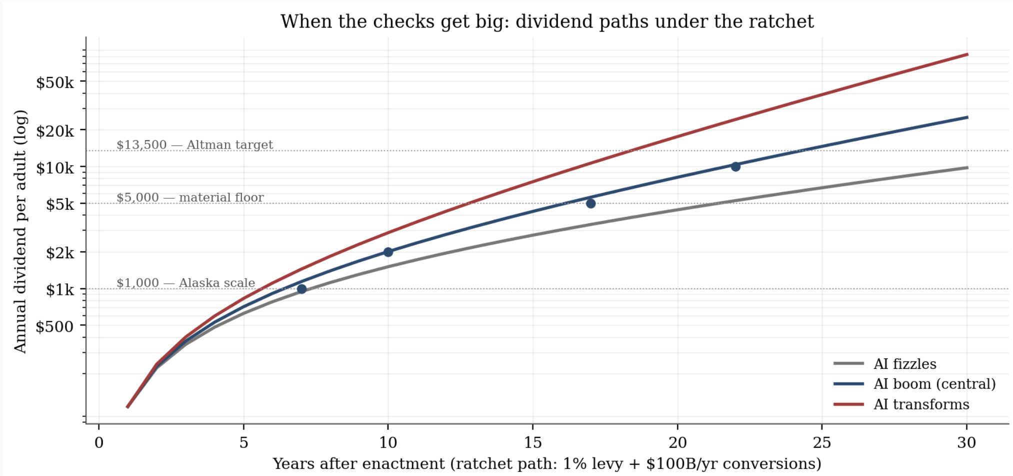

Figure 5 — Dividend paths under the ratchet, 30 years, log scale.

The ratchet path (1 per cent share levy plus ~$100B/yr of subsidy-to-equity conversions) crosses the Alaska line ($1,000) in years 6–8 in every state of the world; the $5,000 material floor in year 13 (transform), 17 (boom), or 22 (fizzle); and Altman's $13,500 target in roughly years 19–24 except under fizzle. Dots mark the central-case milestones. The early years are nearly identical across states — the political payoff (universal checks, the Alaska constituency effect) arrives on schedule regardless of how AI turns out, which is what makes the ratchet politically safe to start.

Source: fund_arithmetic.py extensions; assumptions in Appendix A.

The political reading matters more than the financial one. Sweden's funds died in year seven having paid nobody; on this path, year seven is the year every adult in the country has begun receiving an annual four-figure deposit labelled as their share of the machine economy. The defenders arrive before the test does.

11.3 Where the money comes from: the funding stack

Lever	First-year yield	Notes
1% annual share levy, listed firms above $200B market cap	~$600B	The workhorse: ~1% of a ~$60T base, paid in newly issued shares; grows with the market it rides
Subsidy and settlement conversions (the Intel model)	~$100B	CHIPS-scale grant flows converted to equity at Treasury's option; precedent enacted 2025
Land-value contribution at 0.5% (Altman proposes 2.5%)	~$200B	~$40T of private land; the limit-case rent base (companion paper §15) entering the fund early
AI windfall equity at conversions/settlements	~$65B/yr avg.	Episodic: one OpenAI-Foundation-scale event ($130B) every couple of years, made standard AG practice
Token tax at 3% of AI model revenue (Amodei)	~$25B	Small today, scales with AI revenue; useful politically (the firms proposed it) more than fiscally
Spectrum and resource royalties	~$15B	Paine's logic applied to the electromagnetic commons

The stack totals roughly $1 trillion a year without any rate that qualifies as confiscatory — and its composition is the argument of Section 10 in miniature: the share levy dwarfs the token tax by a factor of twenty-five, because the stock is where the value is. A program built on flow taxes (token, compute, robot taxes) is a gesture; a program built on equity is a settlement. The stack also diversifies the politics: each lever has a different constituency and a different enemy, so no single lobby can kill the whole inflow.

12. The hedge property

Figure 3's within-panel slope is the paper's central economic claim and deserves its own section: **an equity-funded universal endowment is the only social insurance whose payout is positively correlated with the disaster it insures.** Wage insurance, unemployment insurance, UBI from general revenue — all are funded by the very wage base whose collapse triggers the claim; they are short the catastrophe they cover. A citizens' fund holding the automating firms is *long* it: if AI fizzles, wages persist and the small dividend is a pleasant bonus; if AI transforms everything, the wage claim dies exactly as the equity claim explodes, and the citizenry is holding the equity. In portfolio language, the Commonwealth is negative-beta social insurance. There is no other instrument in the policy universe with this property, and the fact that the transition's costs and its financing arrive from the same event is what makes the whole project fiscally coherent where its critics assume it cannot be.

13. Economic objections, met on their own ground

“A share levy is just a corporate tax with extra steps.” (Konczal's version is the sharpest: why buy assets whose returns fund spending when you could just tax and spend?) Three answers. Incidence: a levy paid in newly issued shares falls on existing shareholders — 55 per cent of whom, in the UK debate where this was fought out, were foreign — not on operations, employment, or prices; it is capital's dilution, not production's burden. Coverage: frontier AI value accumulates for years in firms with no taxable income at all; equity claims capture unrealised value that income taxes cannot reach. And durability, which is the real answer: appropriations are repealed at every budget; endowments create Pierson's feedback loop — the constituency that defends them. The extra step is the point. **“Investment will flee.”** The Clifford Chance estimate against Corbyn's worker funds (£300 billion 'cost') priced a transfer, not a destruction — dilution moves claims between owners; the firm's cash flows, investment program, and payroll are untouched. The Swedish employers marched against creeping *control*, not against arithmetic — which is an argument about governance design (Section 17), not about capital formation. Norway holds 1.5 per cent of world equity and no one has fled the planet. **“Dividends are inflationary.”** Alaska has paid for forty-three years: consumption spikes at payout, no sustained price effect has ever been documented, and the canonical labor-supply study (Jones–Marinescu) found no aggregate employment decline — part-time work up 1.8 points. **“Returns require risk; citizens will hold the crashes too.”** True, and the honest reply is the hedge property plus the fiscal rule: Norway's 3 per cent draw smooths cycles, and a fund whose claim is the machine economy's broad equity is diversified in the only way that matters for this purpose — it cannot be worth little in the exact state where it is needed most, because that state is defined by the machines' success.

Part IV — The politics of getting there

14. The opening: what 2025–26 already built

A paper written in 2020 would have had to imagine its own premises. This one gets to list them. The United States government now holds 9.9 per cent of Intel ($8.9 billion, acquired by converting CHIPS Act grants into equity — the subsidies-to-stakes mechanism, executed), a perpetual golden share in U.S. Steel, the largest shareholding in MP Materials, and a claimed 15 per cent revenue share on Nvidia and AMD's China chip sales; an executive order directing creation of a sovereign wealth fund has been on the books since February 2025. The OpenAI Foundation holds roughly $130 billion of OpenAI — the largest AI-derived public-benefit endowment in history, extracted through attorney-general leverage over a corporate restructuring. A bill in the United States Senate — the American AI Sovereign Wealth Fund Act, June 2026 — would levy 50 per cent of large AI firms' stock into a public fund paying universal dividends of roughly $1,000 a year to start. Sixty-nine per cent of surveyed Americans support requiring AI companies to transfer stock to a public fund; two hundred economists including sixteen Nobel laureates signed a July 2026 statement warning of large-scale displacement; and the leading AI executives are proposing versions themselves — Altman's American Equity Fund, Amodei's token tax — which is simultaneously encouraging and a conflict to be flagged: the levied parties are bidding on the design of the levy.

None of this is the Commonwealth. All of it is materials. The current stakes are held at executive discretion with no citizen distribution, no independent governance, and no Santiago-style insulation — state capitalism, not citizen capitalism, and the polling shows the public can tell: 19 per cent support “government owning companies” while 69 per cent support the public fund with the dividend attached. The fifty-point framing wedge is the political instruction: **the same instrument is toxic as state ownership and popular as citizen ownership.** The task is not to invent the tools but to re-charter the ones lying on the table.

15. The ratchet: five steps, each locking the next

Step	Action	Precedent / vehicle	What it locks
1. Seed	Convert subsidies, fines, and AI-restructuring windfalls into equity in a chartered Citizens' Fund; contribute spectrum and federal land rents	Intel conversion (2025); OpenAI Foundation (2025); Bruenig ASF design	A corpus exists; conversions beat new taxes politically
2. Dividend fast	Pay a universal dividend from year two, however small; every citizen one nontransferable share	Alaska 1982; Sanders bill's ~$1,000 start	The constituency assembles before the opposition does (anti-Meidner rule)
3. Entrench	Constitutionalise corpus AND formula; independent trustees, published voting, ethics council; explicit Santiago compliance	Alaska corpus (1976); Norway governance; NM referendum (70–30)	Survives the first hostile government — the test Sweden failed
4. Broaden	Auto-enrolled personal accounts on top (default-in, opt-out); baby bonds seeded at birth	Australia super; UK NEST (~90% stay in); CT baby bonds	Second leg reaches wage-linked wealth; inertia does the work
5. Extend to rents	Fold in the non-reproducible base as AI matures: compute levies, data rents, land-value contributions	Altman land levy; token-tax bills; state trust lands	The limit-case surplus (companion paper §15) flows to the fund by default

The ordering is the argument. Each step is individually modest, uses an existing precedent, and manufactures the political conditions for the next: seeded assets create a fund to defend; early dividends create defenders; entrenchment survives the swing of one election; universal accounts make every voter a client; and by the time the rent base matters, the institution that should receive it already exists with two hundred and sixty million shareholders. This is how the welfare state was actually built — Social Security began at 2 per cent of payroll — and it is the only construction method that survives the companion paper's own warning about the closing window: every step is executable at *current* leverage, and every step reduces the leverage the remaining steps require, because shareholders do not need strikes.

16. The coalition, mapped honestly

The 2025–26 record maps it. **For, from the left:** Sanders introduced the bill; Warren's objection to the Intel deal was its lack of conditions, not its existence — the equity-for-subsidies instrument is her own 2022 amendment. **For, from the nationalist right:** the administration that took the Intel stake, on America-First industrial grounds. **For, from the industry:** Altman and Amodei, proposing levy designs on their own firms — self-interested in the design, but proposing. **Against, from the libertarian right:** “a step toward socialism” (Rand Paul), R Street, Cato — the honest ideological opposition. **Against, from the centrist tech flank:** industry-adjacent Democrats warning against killing the golden goose. **Ambivalent, from the institutional left:** Konczal's worry that dividend-holding citizens align with capital against workers — answered partly by design (governance mandates, the Preserve), partly by conceding it: in a fully automated economy there is no separate worker interest left to betray; that is the premise of the whole exercise. The coalition that passes the ratchet is nationalist-right seeders plus redistributionist-left distributors plus a public that polls at 69 per cent — Baptists and bootleggers, which is how American institutions actually get built.

17. Failure modes and their guards

The raid (Alaska 2016, Connecticut's near-death, 1MDB at the criminal extreme): guard with constitutional formula, no-sale rules, and trustees the executive cannot remove. **The quiet capture** (Saudi PIF directing $2 billion by royal preference; a president treating the fund as a deal book — the live American risk, since the current stakes are exactly that): guard with Santiago-grade independence, published voting Norway-style, and the citizen-share structure itself, which turns every diversion into a taking from 260 million identifiable owners. **The class capture** (Meidner: funds as union instruments): guard with universality — no intermediary owns the citizen's share. **The performance capture** (fund directed into political pet projects until returns die): guard with indexed mandates and the New Mexico rule — outputs defined as universal services or cash, never discretionary grants. **The alignment capture** (Konczal: citizens as shareholders vote like rentiers): partially irreducible; mitigated by governance mandates that vote the shares under published principles, and by remembering the alternative worlds' baseline — in I, II, and IV the rentier interest exists anyway, just without the citizens in it.

Part V — Objections, indicators, conclusion

18. The five strongest objections

1. “This is socialism with better branding.” The honest answer distinguishes means from ends. The state runs nothing here: firms stay private, managed by their boards, disciplined by markets; what changes is who the shareholders are. The tradition this descends from — Paine, Jefferson, Homestead, the GI Bill, Rerum Novarum's “induce as many as possible of the people to become owners” — is the property-diffusing tradition, historically deployed *against* socialism's case that private property must be abolished because it concentrates. Chesterton's line was the program: the problem with capitalism is not too many capitalists but too few. If the word still sticks, note who it must also stick to: the levy-in-shares mechanism is Norway's, the subsidies-to-equity conversion is the sitting Republican administration's, and the design in this paper privatises the upside to citizens rather than nationalising the firms.

2. “You are building a nation of passive rentiers — Weyl and Prewitt's 'peasant class' objection to Altman's fund.” The strongest philosophical objection, because it is this paper's own republican standard turned against it. Three replies. The comparison class: the alternative worlds produce dependents of budget lines or subjects of patrons; shareholders with votes are the *least* passive position on the menu, not the most. The design margin: passivity is a governance variable — trustee elections, shareholder-resolution rights, and the personal-account leg give the endowment handles that a check does not have. And the deeper point, from Part I: standing is the precondition of agency, not its substitute. Douglass did not object to owning himself on the ground that it might make him passive. **3. “Valuations are a mirage; you are distributing bubble paper.”** Partly conceded — which is why the design levies a percentage of whatever value exists rather than a dollar target, spends by fiscal rule off multi-year averages, and treats the year-25 arithmetic as direction, not promise. If the AI boom deflates, the fund is small and the problem it existed for is also small; the hedge property runs both ways, and that symmetry is a feature. **4. “Politics will wreck it — look at your own leverage thesis; why would elites permit this?”** The gravest objection, and Scheidel stands behind it. The reply is the whole of Part IV compressed: because pieces of it are being permitted *now*, by both parties, for reasons of their own (industrial policy, fiscal populism, AG leverage, legitimacy-buying by the labs); the ratchet is designed to run on those motives rather than on virtue. The window argument does the rest: each step is chosen because it is executable at present leverage. If the window is already shut, the indicators below will say so within a few years. **5. “AI will fizzle and this is all moot.”** Then the Commonwealth costs almost nothing (1 per cent dilution, a small dividend, a governance apparatus) and quietly becomes good ordinary policy — Alaska without the oil. Every other world-III-or-bust critique must explain what harm the hedge does in the state where the risk never arrives. The asymmetry of regret is the closing argument for acting under uncertainty.

19. Indicators: how to know if the road is closing

Indicator	Road open if	Road closing if
1. Conversion charter. The existing US stakes (Intel et al.) and any SWF	Moved into an independent, audited, Santiago-compliant vehicle by 2028	Remain a presidential deal book; distributions discretionary
2. Dividend legislation. Sanders-type bills and state analogues	A universal-dividend fund passes somewhere (state or federal) by 2030	All die in committee two Congresses running
3. Framing wedge. The 19/69 polling gap	Citizen-ownership framing holds ≥60% as proposals get specific	Support collapses once real bills attach costs — the wedge was hypothetical
4. Windfall extraction. AI-lab restructurings and settlements	Each major conversion endows a public-benefit shareholder (OpenAI-Foundation pattern repeats)	Subsequent restructurings escape without public equity
5. Baby-bond survival. CT and successor programs	First cohorts vest (2041) with programs intact and spreading	More DC-style repeals before any constituency exists

Dating discipline: if by the end of 2032 indicators 1–3 all read “closing,” the ratchet thesis is wrong — the window argument of the companion paper was right and unheeded — and the honest successor to this paper is about the politics of Worlds I and II, not about better fund design.

20. Conclusion: the freehold of the machine age

The sequence of these three papers has been: the politics of displacement will be misattributed; the countermovement will arrive without leverage; and the worlds on the far side sort by one variable — what ordinary people hold. This paper's addition is that the good answer is neither novel nor utopian. It is the oldest policy idea the republic owns, executed twice at continental scale, running today in Norway's voting record and Alaska's October deposit and Australia's four trillion, with its failure mode documented in Swedish and its live legislative vehicle already docketed in the Senate. Paine asked for it in 1797 in the exact terms the machine age now makes literal: those who inherit the commons owe a ground-rent to everyone the inheritance excluded. The general intellect — the accumulated knowledge of the species, compressed into weights — is the commons of this century, and the case for the Commonwealth is Paine's sentence unchanged: not charity but a right; not bounty but justice. The machines will do the work. The only open question worth a paper is who holds the shares — and it is open now, at current leverage, in the present tense, which is precisely why it will not stay open. The franchise was won by people who were still needed. The freehold must be too.

Disclosure and epistemic status

How this paper was made. Drafted with substantial assistance from an AI system (Anthropic's Claude), directed, revised, and approved by the author — a disclosure that bears on this paper doubly, since it advocates levying firms like the one that helped write it, a conflict noted rather than resolvable. **Confidence:** the lineage and precedent claims of Part II are documentary and high-confidence; the 2025–26 political facts of Part IV are verified at source but recent, and their interpretation as an "opening" is the author's; the arithmetic of Part III is mechanical by design; the hedge-property argument is, to the author's knowledge, correct but not found stated in the literature, and should be treated as this paper's original claim standing on its own logic. **Main weaknesses:** (1) advocacy invites motivated reasoning — the guard is Section 18's steel-manned objections and Section 19's kill conditions; (2) the ratchet assumes American institutions retain the capacity for entrenchment through the 2030s, which the companion paper gives reasons to doubt; (3) polling support measured before costs are attached historically overstates enacted support; (4) the governance designs that make citizen ownership differ from state ownership are exactly the provisions most easily stripped in committee — the wedge that makes it popular is the part most at risk.

Appendix A — The arithmetic in detail

Assumptions of fund_arithmetic.py. Population: 260 million adults, held constant. Draw rule: 4 per cent of fund value (between Norway's 3 and Alaska's ~5). States of the world: fizzle (equity total return 5 per cent p.a., levy base growth 3), boom (9 and 6), transform (14 and 10). Paths: (i) one-shot $7 trillion seed compounding, no inflow — the scale of the 2026 Senate bill's initial levy; (ii) 2.5 per cent of an initially $60 trillion large-company market cap annually in newly issued shares — Altman's rate; (iii) the ratchet: 1 per cent annually plus $100 billion a year of subsidy conversions. All nominal, no general-equilibrium response, no valuation discount for levied shares, no behavioural change in issuance — the model is a ruler, not a forecast. The qualitative result — payouts ordered fizzle < boom < transform on every path at every horizon — survives any monotone re-parameterisation, which is all the hedge argument needs.

Sensitivity of the year-10 dividend (ratchet path) to the two free parameters, draw rate and equity return:

Draw rate	Return 5% (fizzle)	9% (boom)	14% (transform)
3% (Norway)	$1,132	$1,506	$2,150
4% (baseline)	$1,509	$2,008	$2,867
5% (Alaska POMV)	$1,886	$2,510	$3,584

The draw-rate choice is a values choice disguised as a technical one: 3 per cent maximises the endowment left to the next generation; 5 per cent maximises the visible check and therefore the Alaska constituency effect. The blueprint in Appendix C splits the difference at 4 with a five-year averaging rule. Year-by-year central path (boom, 4 per cent draw): the fund reaches $1.0T in year 2, $5.8T by year 5, $13.0T by year 10 (dividend $2,008), $34T by year 15 ($5,300), $60T by year 20 ($9,200), and $95T by year 25 ($14,600) — at which point the annual levy inflow is a diminishing share of growth and the fund is compounding on its own, the property that made Norway's fund larger than its entire historical oil revenue. Full paths in fund_arithmetic_ext.json.

Appendix B — The Meidner history

1971: LO congress commissions Rudolf Meidner to solve the problem solidaristic wage policy created (wage restraint swelled profits in the strongest firms). 1975–76 proposal: compulsory directed new issues of 20 per cent of annual profits into wage-earner funds; shares unsaleable; control of major firms passes to the funds within a generation. The proposal helps cost the Social Democrats the 1976 election — their first loss since 1936. 1983: enactment of a remnant — five regional funds financed by a 20 per cent profit-sharing tax and a 0.2-point payroll surcharge, buying existing shares, capped at 17.5 billion kronor, no fund above 8 per cent of any company's votes, hard sunset on inflows in 1990. 4 October 1983: SAF's Stockholm march, 80–100,000 participants, the largest employer demonstration in Swedish history; "4 October" becomes an annual movement. 1991: Bildt government elected; funds wound up 1992–94, roughly 20 billion kronor redirected to research foundations and venture vehicles. The funds' investment performance had been unremarkable-to-adequate; the failure was entirely political (Pontusson–Kuruvilla). Every design rule in Section 15 is this history inverted.

Appendix C — A design blueprint: the Commonwealth Act, sketched

For concreteness, the shape of step-one legislation, composed entirely of enacted precedents. **Charter:** a federally chartered Citizens' Capital Fund; corpus inalienable; every citizen at birth issued one nontransferable share (Bruenig), redeemable never, voting for a trustee slate on staggered terms (Norway's independence + an elected layer it lacks). **Inflows:** (a) all future federal subsidies, loan guarantees, and settlement windfalls above a threshold convertible to equity at Treasury's option (Intel precedent, made systematic and rule-bound); (b) a 1 per cent annual levy on market capitalisation of firms above $200 billion, paid in newly issued shares (Altman's mechanism at 40 per cent of his rate, Sanders's threshold logic); (c) public-benefit equity from AI corporate conversions as a standard AG condition (OpenAI Foundation precedent). **Outflows:** universal dividend from year two, 4 per cent draw on a five-year average (Alaska's salience, Norway's smoothing); no other distributions permitted — the New Mexico rule. **Governance:** published voting five days before every meeting; an ethics council; Santiago compliance audited annually and publicly. **Entrenchment:** corpus, formula, and share-per-citizen each amendable only by supermajority — the provision to spend political capital on, because it is the one Sweden lacked and Alaska half-lacked.

References

Ackerman, B. and A. Alstott (1999). *The Stakeholder Society*. Yale.

Alaska Permanent Fund Corporation (2026). History and financials. apfc.org.

Altman, S. (2021). Moore's law for everything. Blog essay.

American AI Sovereign Wealth Fund Act (2026). S. ___, 119th Congress, introduced June 18.

Anthropic (2023). The long-term benefit trust.

Atkinson, A. B. (2015). *Inequality: What Can Be Done?* Harvard.

Belloc, H. (1912). *The Servile State*.

Bruenig, M. (2018). Social wealth fund for America. People's Policy Project.

CNBC All-America Economic Survey (2026). July 8–12.

Campbell, A. L. (2003). *How Policies Make Citizens*. Princeton.

Carnegie Endowment (2025). Trump's sovereign wealth fund: high stakes and serious risks. April.

Clifford Chance (2019). Labour's plan for the compulsory acquisition of shares. Client briefing, September.

Darity, W. and D. Hamilton (2010). Can 'baby bonds' eliminate the racial wealth gap? *Review of Black Political Economy* 37.

Douglass, F. (1855). *My Bondage and My Freedom*.

Executive Order 14196 (2025). A plan for establishing a United States sovereign wealth fund. February 3.

Harrington, J. (1656). *The Commonwealth of Oceana*.

Harstad Strategic Research (2017). Alaska PFD survey for the Economic Security Project.

Hegel, G. W. F. (1821). *Philosophy of Right*, §§41–46.

IFSWF (2008). Santiago Principles: 24 GAPP for sovereign wealth funds.

Jefferson, T. (1785). Letter to James Madison, 28 October.

Jones, D. and I. Marinescu (2022). The labor market impacts of universal and permanent cash transfers. *AEJ: Policy* 14(2).

Konczal, M. (2018). I do not understand why the left should want a sovereign wealth fund. Medium.

Kueng, L. (2018). Excess sensitivity of high-income consumers. *QJE* 133(4).

Leo XIII (1891). *Rerum Novarum*, §§46–47.

Lovett, F. (2010). *A General Theory of Domination and Justice*. Oxford.

Madrian, B. and D. Shea (2001). The power of suggestion: inertia in 401(k) participation. *QJE* 116(4).

Meade, J. (1964). *Efficiency, Equality and the Ownership of Property*. Allen & Unwin.

Megginson, W. and J. Netter (2001). From state to market. *Journal of Economic Literature* 39(2).

NBIM (2026). Responsible investment and voting records. nbim.no.

O'Keefe, C., et al. (2020). The windfall clause: distributing the benefits of AI for the common good. AIES/GovAI.

O'Neill, M. and T. Williamson, eds. (2012). *Property-Owning Democracy: Rawls and Beyond*. Wiley-Blackwell.

OpenAI (2025). Built to benefit everyone. October 28.

Paine, T. (1797). *Agrarian Justice*.

Pettit, P. (1997). *Republicanism: A Theory of Freedom and Government*. Oxford.

Pierson, P. (1994). *Dismantling the Welfare State?* Cambridge.

Pontusson, J. and S. Kuruvilla (1992). Swedish wage-earner funds: an experiment in economic democracy. *ILR Review* 45(4).

Rawls, J. (2001). *Justice as Fairness: A Restatement*. Harvard. §§41–42.

Skinner, Q. (1998). *Liberty before Liberalism*. Cambridge.

Verasight (2026). National survey on AI regulation and public stock transfers, June 18–19.

Warner, N. (2025). Asymmetric mobilisation and the defeat of wage-earner fund policies. *Economic and Industrial Democracy*.

Weyl, E. G. and E. Posner (2018). *Radical Markets*. Princeton.