

The Human Credit

A Market-Based Framework for Economic Transition in the Age of AI

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humancredit.org

Executive Summary

Artificial Intelligence will displace American workers in massive numbers over the coming years, creating simultaneous collapses in income, consumption, and the tax base. Traditional responses—expanded government programs or pure Universal Basic Income—cannot scale to meet this challenge and will deepen political division.

The Human Credit offers a fundamentally different approach: it provides a smooth transition from the current capital-labor economic arrangement to one where the citizen is at the center of the value chain—your value is inherent, and corporations compete to support your well-being. The mechanism converts corporate tax liability into direct human support, preserving individual agency.

The core mechanism:

Every US citizen receives one Human Credit per year—a federal tax credit they assign to organizations that meaningfully help them. Corporations offset their federal taxes dollar-for-dollar by earning these credits—the people they help assign the credits to them. The more a person needs help, the more valuable their credit becomes.

This creates a market where corporations compete to help people succeed, government shrinks to setting incentives and preventing fraud, and individuals hold genuine power through the credits they control.

The Human Credit delivers conservative objectives (massive tax reduction, market solutions, smaller government) and progressive objectives (universal coverage, corporate accountability, no one left behind) through the same mechanism—enabling the bipartisan alignment necessary to navigate the AI transition.

This bipartisan unlock (see Section 4) may be the system's most important feature: it makes political cooperation possible even in our divided era.

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1. The Coming Challenge

AI will Disrupt the US Workforce at Scale

AI will displace millions of workers faster than most realize. This isn't speculation—it's already beginning. Truck drivers face autonomous vehicles. Factory workers face advanced robotics. White-collar professionals face AI agents that can analyze, write, and code. Accountants, paralegals, analysts, customer service representatives—entire professions are being transformed.

We have perhaps 2–3 years before this becomes a political crisis requiring emergency action.

Three Simultaneous Collapses

When AI displacement reaches critical mass, three systems collapse at once:

Income Collapse: Workers lose wages. The "selling time for money" contract that has defined work since the Industrial Revolution stops functioning for millions.

Consumption Collapse: Without wages, consumer spending evaporates. Companies that invested in AI to reduce costs discover they've eliminated their own customers.

Tax Base Collapse: Government revenue—heavily dependent on income and payroll taxes—disappears. The fiscal foundation for any response erodes.

The psychology of scarcity ignites panic. Without a plan, the US faces potential internal chaos: attacks on the wealthy, social disorder, rationing, and many other catastrophic outcomes.

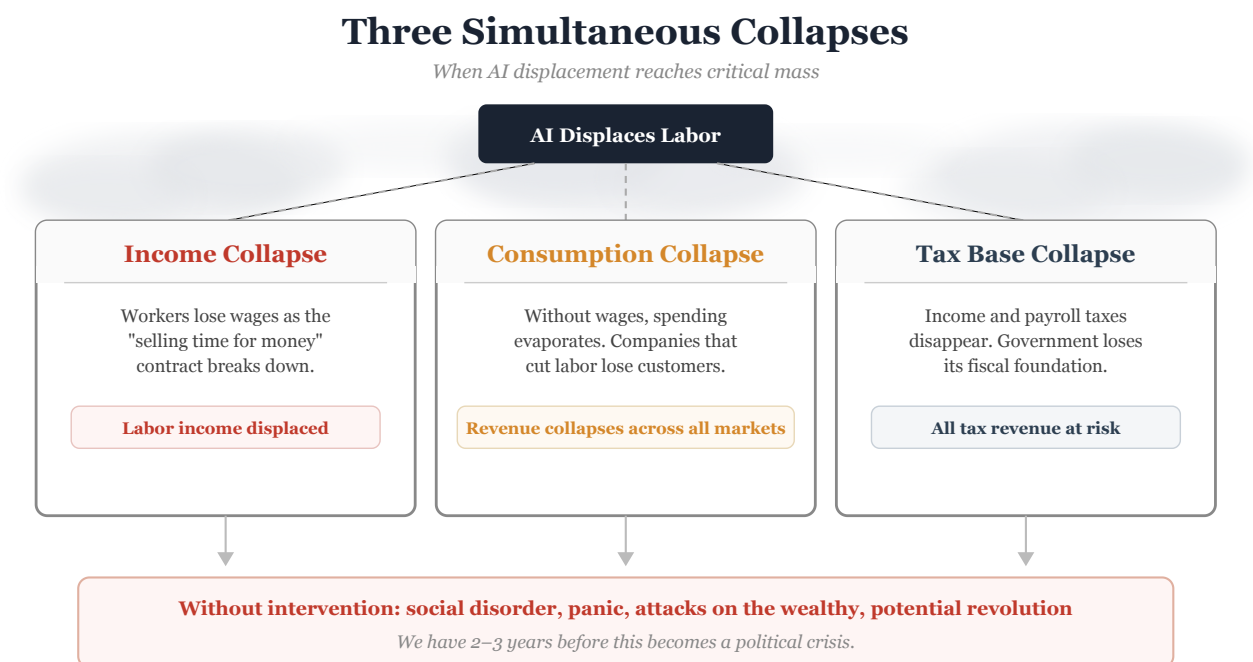


Figure 1: Three simultaneous collapses triggered by AI displacement

Neither expanded government programs nor pure Universal Basic Income can meet this challenge. Both generate opposition that prevents rapid implementation—and rapid implementation is exactly what the timeline demands.

We need a New Deal for the AI age.

2. How the Human Credit Works

The Human Credit is a market-based, voluntary federal tax incentive program designed to fundamentally change our economy.

Every US citizen receives one Human Credit per year—a federal tax credit they assign to organizations that meaningfully help them. Corporations offset their federal taxes dollar-for-dollar by earning these credits—the people they help assign the credits to them. The more a person needs help, the more valuable their credit becomes.

Key Characteristics

What makes the Human Credit distinct — grouped by who chiefly benefits.

For the Government

Bipartisan by Design: The Human Credit concept's true superpower is in the way it seamlessly aligns both conservative and progressive agendas. The previously incompatible agendas become two sides of the same coin. This bipartisan unlock (see Section 4) may be the system's most important feature: it makes political cooperation possible even in our divided era.

Powered by the Private Sector: Government delegates its traditional role of redistributing wealth to the private sector. In the optimal scenario, government's role would be strictly limited to setting credit values and policing fraud. The goal of avoiding more bloated bureaucracy is achieved.

Incentives are Outcome-Based: Credits would conceptually be structured to incentivize positive outcomes for citizens. This is where the bipartisan magic happens ... what outcomes do we prioritize as a society?

For the Private Sector

But Private Sector Participation is Voluntary: Corporations can reduce their tax burden by choosing to help people. The profit motive and human well-being become the same thing.

Deregulation Delivers Value: Within a minimally deregulated service delegation regime, the private sector is free to dynamically organize itself to capture maximum ROI through tax credits.

Human Credits Are Fungible: A provider that earns more credits than it can use against its own taxes can sell the surplus to any corporation with a tax liability—including the trillion-dollar firms whose AI profits create the largest bills. This creates a liquid market, establishes a price for credits, and lets every provider monetize the outcomes it delivers.

Human Credits Are Refundable: A credit's value can be realized even by an entity that owes little or no federal tax. Nonprofits, churches, and community organizations can earn credits by helping people and receive their full value as a refund—so mission-driven providers participate on equal footing, not as an afterthought.

For the Citizen

Individual Agency and Empowerment: You hold the asset, and you decide who earns it. Choose a single provider or split your credit among several—you assign it to whoever actually helped you. The power to allocate is the power to shape the market that serves you: personal agency, and a crucial milestone on the road to abundance.

Your Birthright: Every US citizen receives a Human Credit every year. Not because you earned it. Not because you applied. Because you are a citizen, and this is your share of the abundance that AI creates.

The Market Competes for Your Credit: The greater your need, the more valuable your credit becomes—and the harder corporations work to earn it. The system turns human need into market demand.

Fraud Proof: No one can compel you to assign your credit. Private sector participants assume a fiduciary relationship where coercion or fraud of any kind is a federal crime.

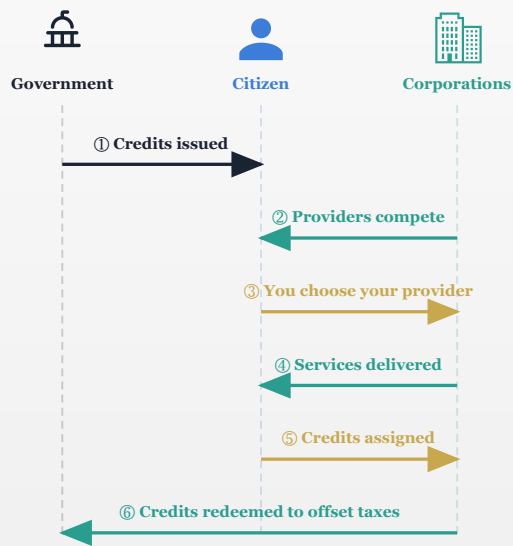
For Everyone

Every Year, a Fresh Start: New credits are issued every January 1. Citizens can stay with providers that worked or change course entirely. Providers must earn trust annually—no coasting on last year's performance. And Congress readjusts categories, values, and incentive structures based on what the data shows, making the entire system self-correcting by design.

The Annual Cycle

The Human Credit Annual Cycle

A closed-loop market system — you're at the center, not the end



1 Credit Issuance

340M credits issued Jan 1. Congress sets categories & values.

2 Providers Compete

Corporations approach you — your credit is a business opportunity.

3 You Choose Your Provider

You decide who earns your credit. Your choice drives the market.

4 Services Delivered

Housing, healthcare, training, enrichment — whatever you need, deliver competing providers.

5 You Assign Credit

Year-end: you reward providers that actually delivered results.

6 Credits Redeemed to Offset Taxes

Providers redeem credits to offset federal taxes dollar-for-dollar.

Step 1: Credit Issuance (January 1)

Each year, every US citizen generates one Human Credit. With a population of 340 million, this creates 340 million Human Credits for that tax year. Congress sets official categories and assigns each outcome component an incentive value, so providers profit only by actually helping people.

Step 2: Providers and Citizens Work Together Throughout the Year

Organizations see the value of your credit and approach you—not because they're charities, but because helping you is a business opportunity. You evaluate providers and choose who to work with based on their track record, approach, and what they offer.

Step 3: Service Delivery

Your chosen providers deliver meaningful support. Service delivery in the HC system includes: housing and community, healthcare and mental health, entrepreneurship support, education and intellectual enrichment, creative and cultural support, family and elder care, financial guidance, and transition support.

The vision is abundance, not reemployment. Think of the analogy: everyone gets to retire right now, regardless of age, with the resources to have a meaningful and fulfilling life. People create, explore, connect, and contribute—not because they must sell their time to survive, but because they're free to direct their own lives.

Step 4: You Assign Your Credit (Year-End)

At year's end, you open a simple interface (mobile app, web portal) and assign your Human Credit to the organizations that actually helped you.

Assignments are:

- **Voluntary** — No one can compel you
- **Flexible** — Can be split among multiple recipients
- **Based on genuine benefit** — You assign because you actually received help
- **Protected** — Coercion is a federal crime with severe penalties

This is where individual agency becomes real. Your Human Credit is your voice. You are deciding, for yourself, who deserves to be rewarded for making your life better.

Step 5: Tax Credit Redemption (Tax Time)

Organizations accumulate credits from people they helped. At tax time, they submit these credits to offset their federal tax liability—dollar for dollar.

The cycle completes. The corporation avoided taxes by helping people. The individual received help and retained agency. The government achieved its policy goals without running programs.

Congress sets official Human Credit categories and values each year — with flexibility to make them mutually exclusive, overlapping, or modular depending on policy goals and geographic needs. The specific categories, structures, and dollar values would emerge through legislative deliberation and economic modeling.

3. Why This Mechanism Is Different

Bipartisanship and Private Sector Alignment

The Human Credit creates unprecedented alignment between corporate self-interest and human well-being—and, as explored in depth in Section 4, between the two political parties as well.

Your Value Is Inherent

This is psychologically transformative. Under the capital-citizen contract, every person holds an asset that corporations need. A person facing homelessness isn't a burden on the system—they represent an opportunity for a provider to earn substantial tax relief by delivering real results. A displaced worker isn't a problem to be managed—they're someone the market actively wants to serve.

In the old economy, your value was defined by your labor. In the Human Credit economy, your value is inherent. You are valuable because you are human, and because you hold an asset that the private sector needs to acquire.

Outcomes Drive the Market

The Human Credit is designed so that providers who deliver genuine, lasting results are chosen by more citizens—and therefore earn significantly more—than those who provide superficial help. The exact value structure, including how component values scale with a person's level of need, would be determined through legislation. But the principle is straightforward: the system must reward what works.

This means the market naturally selects for effectiveness. Providers that actually help people thrive attract more credit holders, earn more credits, and build stronger reputations. Providers that cut corners or game the system find it unprofitable. Competition drives quality upward, not downward—because the person holding the credit gets to decide who earned it.

The regulatory footprint is minimal by design. Government doesn't need to micromanage service delivery or prescribe how providers operate. It sets the incentive structure and lets the market figure out the best way to help people. This is how market mechanisms are supposed to work: align incentives correctly, then get out of the way.

Individual Agency

You control assignment. You choose who helped you. You decide. Bad providers get filtered out—word spreads, people won't assign credits to exploitative companies. Good providers build reputations and attract more credit holders.

This is consent-based support—a revolutionary concept. This is not a handout. This is how we get to truly ubiquitous abundance. And we all get there at the same time.

Self-Balancing

The system contains a powerful automatic stabilizer: More AI displacement → More people in high-value categories → Higher aggregate Human Credit value → Greater corporate incentive to help → More resources flow to displaced workers → Transition managed.

The faster displacement happens, the more valuable humans become in the system. This is the exact opposite of current dynamics where displacement makes humans economically worthless.

Inflation Control

Because Human Credit values are anchored to service delivery outcomes rather than dollar amounts, the system has a natural resistance to inflation. Congress sets values annually based on actual costs. The system is indexed to reality, not to fiat currency.

Minimal Governmental Role

Government's role is deliberately limited:

- 1. Set credit values:** Congress determines what each category of need is worth, adjusting annually based on policy priorities and market response.
- 2. Investigate fraud:** Government does not pre-verify outcomes. When a citizen flags a provider, the government investigates and acts on what it finds.
- 3. Enforce penalties:** Severe, statutory penalties for anyone who defrauds the system.
- 4. Issue credits:** Simple administrative function.

What Government Does Not Do

Government does NOT: Deliver services, manage cases, employ social workers, run programs, or determine who qualifies (you qualify by being alive).

This is the smallest possible government footprint for achieving universal support.

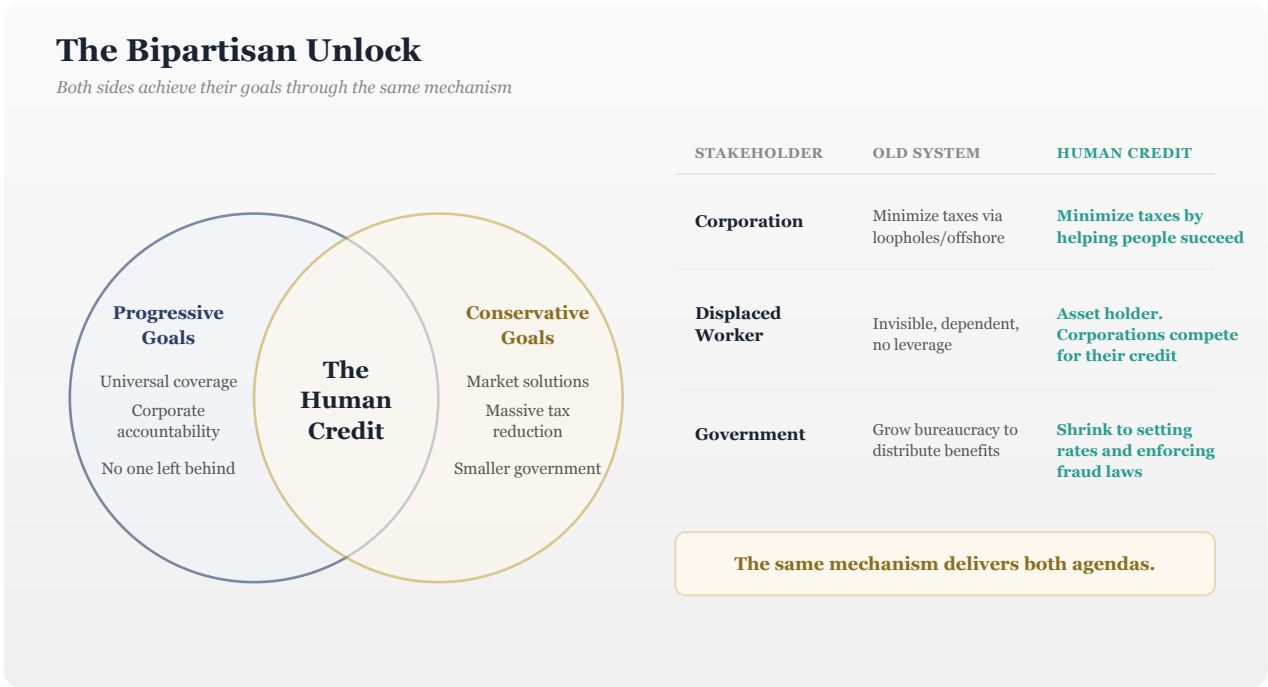
4. Bipartisan Alignment

The Human Credit creates something rare in modern politics: a genuine incentive for left and right to work together. Both sides take home the message their constituents want to hear—because both messages are true.

Conservatives take home: "We created the largest corporate tax reduction in history—by channeling it through market-based solutions that help Americans succeed."

Progressives take home: "We achieved universal support for every citizen—funded by the corporations that benefit most from AI."

Neither side has to compromise its core principles. The mechanism naturally produces both outcomes simultaneously. This is what makes the Human Credit uniquely viable: it doesn't ask either party to sacrifice what matters most to them. It gives both sides a genuine win they can champion to their constituents—and the political energy that comes from shared victory rather than grudging compromise.



- Individual choice (you assign your credit)
- Elimination of wasteful overhead
- Success-based rather than dependency-based support
- Path to eventual entitlement phase-out

Progressives Get:

- Universal coverage (everyone gets a credit)
 - Corporate accountability (help people or pay full taxes)
 - No one left behind (regardless of circumstances)
 - Direct human investment (credits go to actual help)
 - Transparency (public dashboard shows who helps whom)
 - Protection for displaced workers (high-value credits for those in need)
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5. An Illustrative Case Study — Meet Bob

Now that you understand the mechanism, the incentives, and the political alignment—here's what it looks like for one person.

Meet Bob. Former Software Salesman. Mortgage holder. Father.

Bob's company deployed AI systems over the past year, and one by one, his colleagues were let go. Last month, it was Bob's turn. He's 43, he has a family, and the career he spent two decades building is gone.

What Happens to Bob Without the Human Credit

Bob files for unemployment. He gets a modest check. He looks for work, but the jobs in his field are vanishing everywhere. The few retraining programs available are preparing people for roles that AI will master within a few years. His mortgage is due. His savings will last maybe four months. Bob is terrified, and so are millions of others like him. And unemployment benefits don't last forever—when the checks stop, where does Bob turn? What is he forced to do?

What Happens to Bob With the Human Credit

Bob receives his Human Credit. Because he's been displaced by automation, Congress has ensured his credit carries substantial value—enough to cover his family's needs throughout the transition and beyond. Bob doesn't need to panic. He doesn't need to drain his savings. The system was designed for exactly this moment.

Bob doesn't face a bureaucracy. He is greeted by providers eager to earn his trust and go to work for him.

Providers approach Bob—not because they're charities, but because his credit is a genuine business opportunity. They want to earn it, and they can only earn it by delivering results that Bob and his family actually value. Bob and his wife sit down and think about what they really need. Healthcare coverage, obviously. Financial planning to bridge the transition. Maybe housing support. And Bob has always had an idea for a small business—is there a provider that offers entrepreneurship mentoring?

This is the heart of it. Congress defines the *categories* of outcome Bob's credit claims for him—housing, healthcare, food security, and components such as business support or retraining—but *within* those categories, Bob decides

what wellbeing actually means for him. If he is entrepreneurially inclined, he can direct his credit toward the business he has always wanted to start. If his mortgage is underwater and a smaller apartment would lift the weight off his family, that is just as valid a win. Two displaced neighbors can hold an identical credit and build entirely different lives with it. In the end, Bob decides what "earned" means—and a provider only earns his credit by delivering the outcome *he* values.

It turns out there are several. Some specialize in healthcare. Others focus on entrepreneurship incubation. Some offer comprehensive packages. Bob and his family choose the providers that fit their situation—splitting their credit among specialists or going with a single firm that covers everything. The choice is theirs.

The providers Bob selects are focused on the outcomes they're good at delivering. A healthcare provider isn't trying to also be a career coach. An entrepreneurship incubator isn't pretending to be a housing agency. The market has organized itself around specialization and effectiveness, because that's what earns credits.

A year later, Bob's life looks different—but it looks good. Maybe his family simply had the stability to breathe and regroup. Maybe he retrained into a new kind of role that genuinely excited him. Maybe he started something of his own. The point isn't that everyone becomes an entrepreneur—it's that Bob had the resources, the support, and the agency to choose his own path, rather than being shuffled into a retraining program for a job that would be automated next year.

Bob assigns his credit voluntarily because he's genuinely grateful. He wasn't "on the dole." He received professional support from providers that had every incentive to help him and his family build a meaningful new chapter. And the providers earned their credits—because Congress structured the system so that real outcomes are what gets rewarded.

Every Year, a Fresh Start

And here's what makes the system extraordinarily flexible: on January 1, Bob and his family receive new Human Credits. If their first-year choices worked beautifully—great, they can stay with the same providers and build on that momentum. But if the fit wasn't quite right, or if their circumstances changed, or if they simply want to take their lives in a different direction—they start fresh. New credits, new choices, no penalty for learning what works.

Maybe Bob's entrepreneurship provider was excellent but the healthcare provider was mediocre. Next year, Bob keeps one and switches the other. Maybe Bob's wife discovers a passion for art and wants to work with a creative enrichment provider. She can. Maybe their kids' needs change as they grow. The credits adapt because the family adapts.

This is how the Human Credit accommodates real life. People's needs aren't static. Their ambitions evolve. Their circumstances shift. A system that locks you into a single path or a single provider isn't serving you—it's managing

you. The annual credit cycle ensures that the market must earn your trust every single year. Providers can't coast on last year's performance. And you are never stuck.

Everyone is Secure

The transition that could have caused revolution becomes an organized bridge to abundance.

If 10 million workers are displaced, 10 million high-value Human Credits become available—creating a \$250 billion to \$1 trillion market for support services. Companies, entrepreneurship incubators, healthcare providers, housing organizations, and nonprofits compete intensely for this opportunity. The market mobilizes resources faster and more efficiently than government bureaucracy ever could.

6. Human Credit Categories and Parts

Bob is one story; the Human Credit is universal. This is a framework, not final legislation—but the shape the law would take is easy to picture: a small set of **categories** that every citizen falls into (and only one), each carrying the same universal **Parts**, with the value scaled to need. Think of the Parts the way Medicare has Part A, Part B, and so on—a familiar, extensible structure.

Mutually Exclusive Categories

Every citizen occupies exactly one category at a time, and moves between them as life changes:

- **Minor** — a dependent child.
- **Working adult** — currently employed.
- **Transitioning adult** — working-age and not currently employed.
- **Retiree** — past working age.

A circumstance of **significant need**—disability, homelessness, chronic illness—is not a separate category but a *value modifier* that raises the credit within whichever category a person is in. The more help someone needs, the more valuable their credit becomes to the providers competing to deliver it.

Universal Parts

Whatever the category, the credit is built from the same Parts:

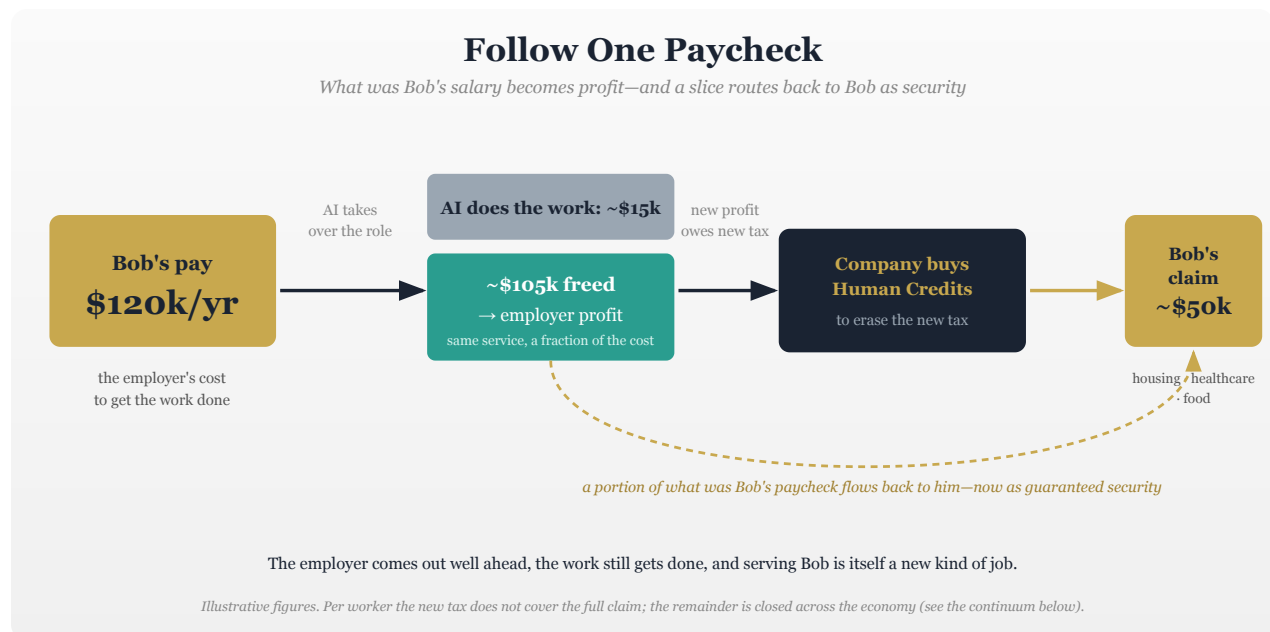
Category	Part A — Healthcare	Part B — Housing	Part C — Food Security	Relative value
Minor	Pediatric & preventive care	Family housing share	Child nutrition	Per child
Working adult	Coverage atop a paycheck	Housing support	Food security	Modest
Transitioning adult	Full coverage	Housing	Food	Higher
Retiree	Comprehensive + elder care	Housing	Food	Mid-high

*Illustrative only—Congress sets the actual categories, Parts, and values. The Parts are extensible: Congress could add **Part D** (education and retraining), **Part E** (childcare or elder care), and so on, exactly as Medicare added Part D over time.*

7. Where the Money Comes From

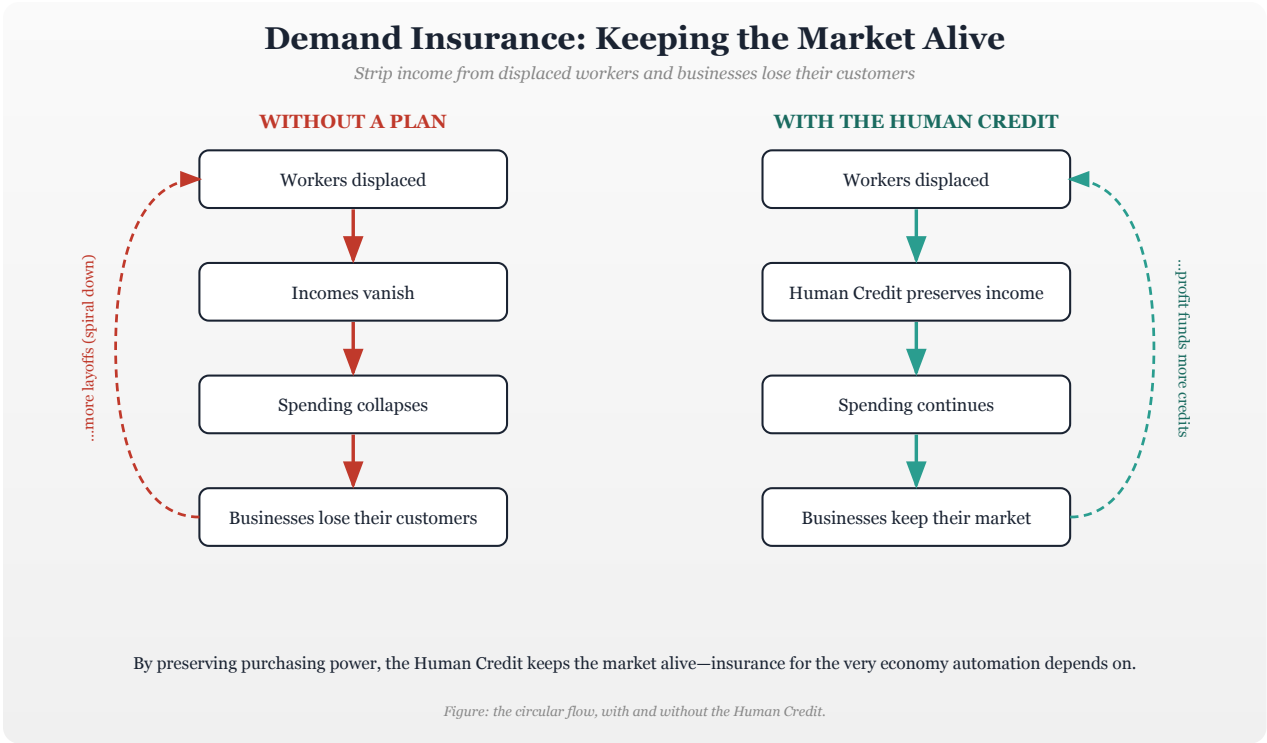
Follow one paycheck. Bob earned about \$120,000 a year. To his employer, that was simply the cost of getting his work done. When AI takes over Bob's role, that cost doesn't vanish—the work still gets done, for customers who still want it, but now at a fraction of the price. The roughly \$105,000 the company no longer pays Bob doesn't disappear either: it becomes profit.

New profit owes new tax. And the cheapest way to erase that tax bill is to buy Human Credits—including ones earned by a provider now serving Bob. So the company (or another corporation with a tax bill to offset) funds the provider that delivers Bob's housing, healthcare, and food. A portion of what used to be Bob's paycheck flows back to him—no longer as wages, but as guaranteed security. The employer still comes out well ahead, and serving Bob is itself a new kind of job.



That is the whole engine, at the scale of a single worker. Now multiply Bob across the economy. US labor compensation runs about **\$16 trillion** a year; as AI displaces a growing share of it, that money becomes corporate profit, and the Human Credit captures a fair slice of the windfall by **taxing it at the existing rate** and **closing the loopholes** that let it escape, with legacy **entitlement spending redirected** as the system matures. A bounded, temporary deficit bridges the early years—a bridge, not a permanent program. We do not pretend that away: we already run large deficits for far less, every alternative (doing nothing, or a permanent universal cash program) is worse, and this one closes itself as the levers below engage.

There is a deeper reason business should want this. The paycheck above quietly assumes Bob's old company still has customers. But if AI strips income from displaced workers everywhere, those customers vanish—and the firms automating the work lose the very market they sell into. By keeping Bob a consumer, the Human Credit keeps that market alive. It is, in effect, demand insurance.



Key Assumptions

These inputs are illustrative and deliberately ranged—enough to show the mechanism is workable, not a final score. A rigorous model is exactly what we invite OMB and think tanks to build.

Assumption	Illustrative value
US aggregate labor compensation	~\$16T / year
Population / employed workers	340M / 162M
Per-person annual support	Budget ~\$30k · Generous ~\$50k
Corporate windfall from displacement	≈ displacement share × \$16T (saved labor → profit)
Effective corporate tax rate (credits drawn against)	~13% today → 21% as avoidance closes → ~25% backstop
Entitlement redirection	~\$4.17T, phasing in only at higher displacement (end game)

Assumption	Illustrative value
Re-employment into the human-services economy	~18–20% of displaced workers
Cost to deliver each outcome	Declines over time (disinflation + tapering provider margins)

The Funding Levers

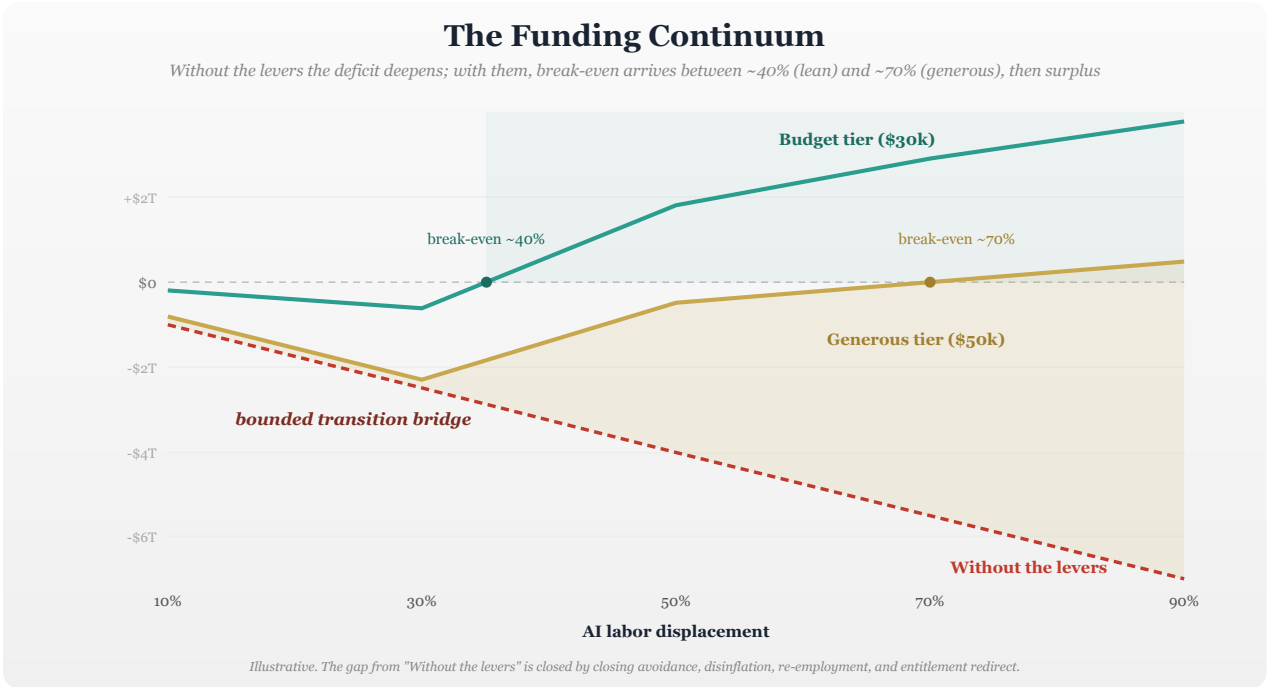
A note on how to read these. Each lever is **additive**, and in combination they are powerful—plausibly more than the sum of their parts. Their individual magnitudes, however, are genuinely hard to predict; pinning down precise contributions is the work of rigorous modeling. That uncertainty is exactly why the design leans on *many* levers rather than betting on any one—and why a tenth exists as a hard backstop.

- 1. **Voluntary tax offset** — companies earn credits and redeem them against tax they already owe. No rate hike.
- 2. **Government non-delivery efficiency** — no service bureaucracy to build; the state only sets values and polices fraud. The dividend compounds as the Human Credit takes over and legacy programs retire—government spending falls with them.
- 3. **A new human-services economy** — the ecosystem creates businesses and jobs that re-employ displaced workers and grow the tax base.
- 4. **Priming spread, then tapering** — generous early margins pull providers in; competition compresses them later.
- 5. **Windfall capture at the existing rate** — as displacement turns labor cost into profit, the existing rate collects far more without a hike.
- 6. **Closing tax avoidance** — the capacity multiplier: the windfall is actually taxed instead of escaping through loopholes.
- 7. **Disinflation tailwind** — AI productivity lowers the real cost of delivering each outcome over time.
- 8. **Bounded transition deficit** — a temporary bridge across the early years, not a permanent program.
- 9. **Entitlement redirect** — the end game: legacy programs wind down only as the Human Credit out-delivers them, freeing their budgets.
- 10. **Direct tax adjustment — the hard backstop** — if the combined effect of the first nine falls short, Congress can raise the corporate rate or the credit values directly. Politically the hardest lever, so reserved as a last resort—but it guarantees the books can always be closed.

The first nine engage progressively as displacement rises (charted later in this section); the tenth is held in reserve, used only if the combined effect falls short.

The AI Dividend

Because funding and need both scale with AI displacement, the economics are best seen as a *continuum*, not a single snapshot. Early on, need outruns capacity and the bounded transition deficit bridges the gap. As avoidance closes, disinflation compounds, and entitlements redirect, the system reaches break-even and then runs a surplus—the **AI Dividend**—at high automation. The figure below decomposes it: without the levers, the deficit only deepens with displacement; with them engaged, it becomes a bounded bridge that turns to surplus. (The table beneath gives the same net position by support tier.)



AI displacement	Budget tier (~\$30k)	Generous tier (\$50k)
10%	−\$0.2T	−\$0.8T
30% (transition valley)	−\$0.6T	−\$2.3T
50%	+\$1.8T	−\$0.5T
70%	+\$2.9T	≈\$0
90%	+\$3.8T	+\$0.5T

Figure 4b: Net annual federal position by AI-displacement level and support tier (illustrative, \$ trillions/yr). Negative = bounded transition deficit; positive = surplus. Per-person support: budget ~\$30k, generous \$50k.

The figures here are illustrative and deliberately ranged—a workable model meant to demonstrate due diligence and feasibility, not a final score. Rigorous economic modeling by qualified economists is needed to validate them; we invite economists, think tanks, and policy researchers to apply rigor to these assumptions.

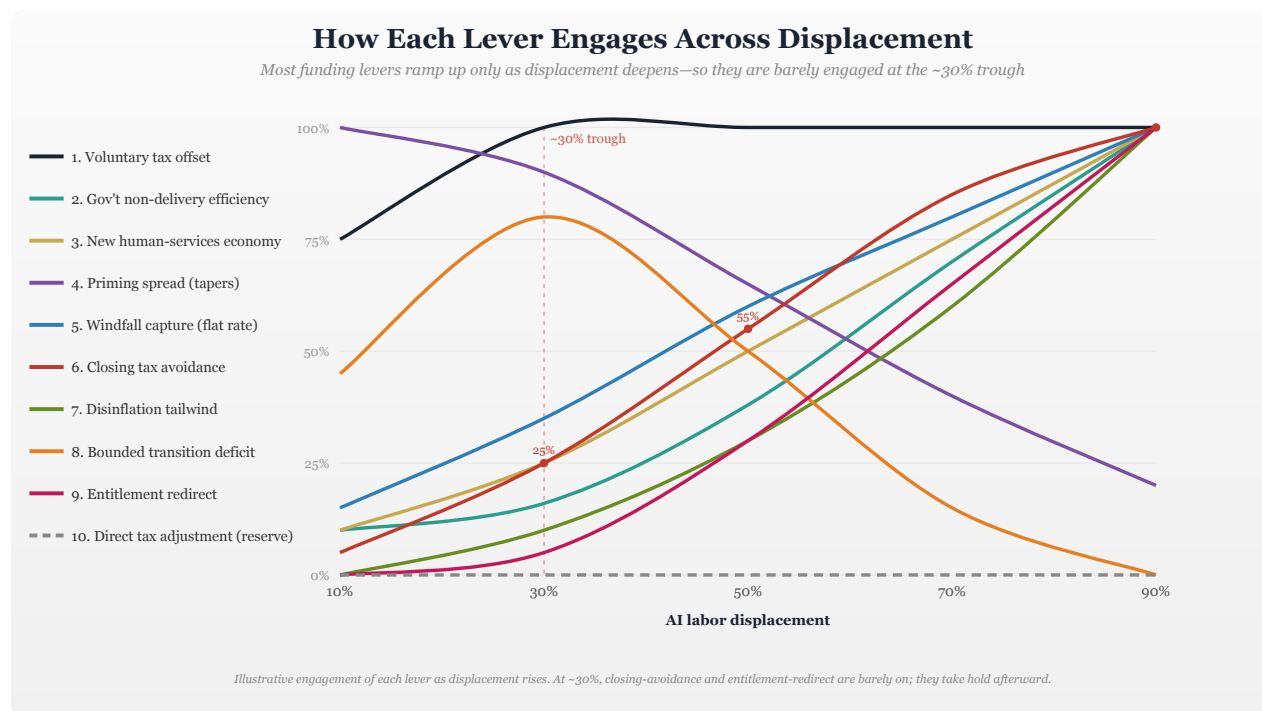
Reading the Curve: Why the Inflection at 30% Displacement

The continuum has a turning point: the deficit is deepest at moderate displacement (around 30% in this illustration), then narrows toward break-even and surplus. The reason is that its two underlying curves scale differently. **Support cost rises roughly linearly** with displacement—each additional slice of displaced workers adds about the same need. **Funding capacity, by contrast, is convex**—slow at first, then accelerating—because the most powerful levers ramp up or switch on only as displacement deepens.

Three forces are weak before the turn and strong after it:

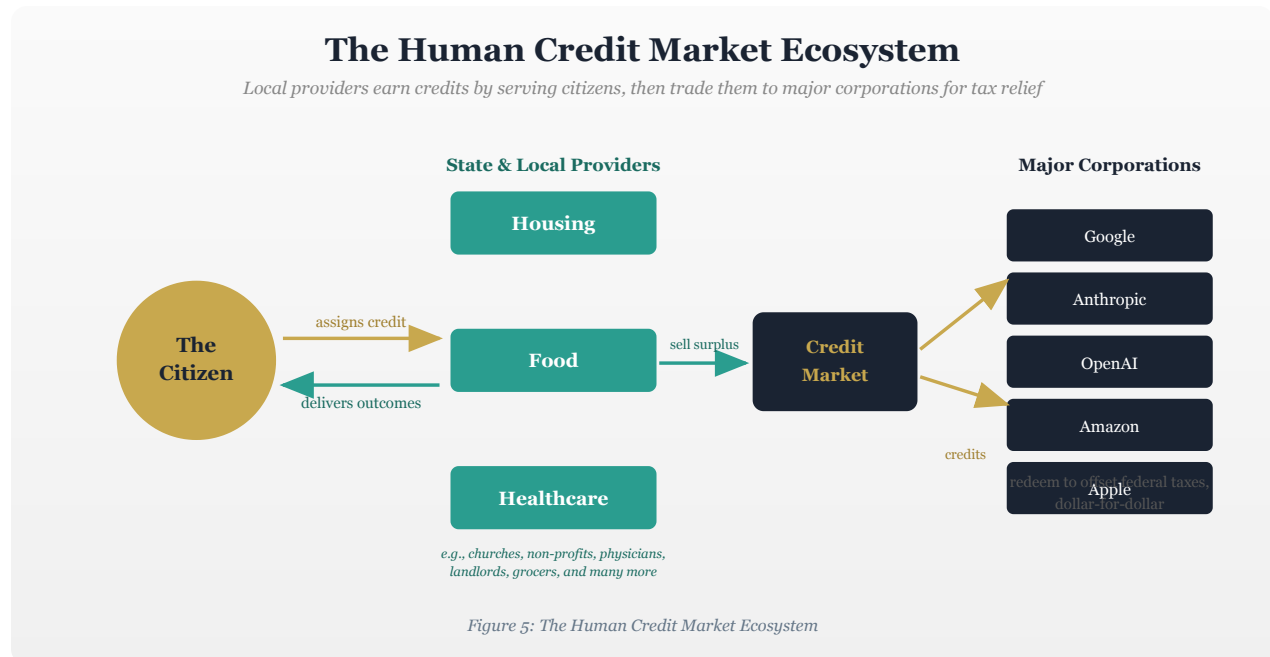
- **Avoidance-closing matures.** Early on the windfall is still taxed at today's eroded effective rate; as loopholes close, each dollar of windfall yields far more—the capacity multiplier engages.
- **Entitlement redirection switches on.** It is the end-game lever, phasing in only at higher displacement—so right at the trough the system carries peak need just before its largest funding source activates.
- **Delivery gets cheaper.** The priming spread is widest (most expensive) early and tightens as the provider market matures; disinflation compounds; and re-employment into the human-services economy thins the support rolls.

So the deficit is deepest where need has peaked but the structural levers have not yet fully engaged; past that point, funding and falling costs overtake the rising need. The precise location of the turn is an artifact of the assumptions above—how fast avoidance closes, when entitlements redirect, the rate of disinflation—not a prediction. What is robust is the *shape*: a gap that widens, then closes. The figure below shows how each lever is assumed to engage as displacement rises.



8. The Human Credit Market Ecosystem

The fungibility and refundability of Human Credits create a genuine marketplace. This is where the system's efficiency comes from.



How It Works

Service providers earn credits by helping people. They may accumulate more credits than they need for their own taxes. Corporations with tax liability want credits to reduce their tax bill but may not want to run service programs directly. The exchange connects them. Price discovery happens naturally.

Example:

- Transition Corp helps 50,000 displaced workers, earns \$5B in credits
- Google owes \$28B in taxes but doesn't run retraining programs
- Google buys \$5B in credits from Transition Corp at market price
- Google's tax bill drops to \$23B
- Transition Corp profits from the sale
- Workers received professional help

What This Creates

- **Specialized providers** emerge—organizations focused entirely on helping specific populations
- **Competition on quality:** Providers that achieve better outcomes earn more credits
- **A new industry** around human capital development
- **Universal access:** Nonprofits and churches can participate through refundability

9. Fraud Prevention and Enforcement

With 340 million credits worth potentially trillions of dollars, fraud prevention is existential. The system must make fraud unprofitable and catastrophically risky.

Prevention Through Design

Outcome-Based Structure: Each outcome component carries its own incentive value, and a provider earns it only by delivering that outcome to the citizen. Because the citizen chooses who to assign their credit to, a provider offering minimal help simply isn't chosen—and where fraud is suspected, citizens flag it and the government investigates. Helping people well is the only reliable way to earn credits.

Individual Assignment: Credits require voluntary assignment. Providers can't claim credits without genuine service delivery that the individual acknowledges.

Public Transparency: The primary mechanism is a new public blockchain—an immutable ledger recording every credit's issuance, assignment, and redemption. Anyone can audit which providers earned credits and how many, making fraud easy to spot and to flag.

Fiduciary Standard

Service providers accepting Human Credits operate under an imputed fiduciary duty to credit holders. This legal standard creates accountability beyond criminal penalties.

Criminal Penalties

Individual Fraud: Federal crime equivalent to tax fraud. Up to 5 years federal prison. Full restitution plus \$250,000 fine. Permanent ban from HC system.

Corporate Fraud: Federal crime with executive liability. Up to 10 years federal prison. Corporate fine equal to 3× credits fraudulently obtained. Permanent ban and public disclosure.

Organized Fraud: RICO statutes apply. Enhanced penalties up to 20 years. Asset forfeiture and conspiracy charges.

10. Everyone Wins

For Citizens

Receive:

- Personalized, meaningful support through self-directed agency—you choose your providers
- Dignity and purpose apart from earning a wage
- Security through the services provided—housing, healthcare, enrichment, community
- Protection regardless of economic conditions

Experience:

- A market that competes for the privilege of serving you
- Real choice in what support you receive and from whom
- Being treated as human capital, not a burden
- Freedom from bureaucratic gatekeeping
- Effective retirement at any age—with the resources to make it a great one
- Opportunities to reinvent yourself, pursue passions, build something new
- Agency and self-determination in a world that no longer requires your labor

For the Private Sector

Receive:

- Massive tax relief to offset AI-generated profits
- No new wealth taxes—this is a tax reduction mechanism
- Market vibrancy (businesses cannot survive without customers—HC maintains the consumer base)
- Simplified tax structure over time

Participate:

- Voluntarily—through direct service or by purchasing credits from specialized providers
- With free market flexibility to innovate lasting solutions
- With strong ROI on helping people succeed
- Without government mandates dictating how to help

For the Government

Achieve:

- A truly bipartisan framework both sides see as beneficial
- A plan to guide society through the AI productivity transition
- Funding through the AI Abundance Dividend (labor cost savings become corporate profits become tax liability)
- New fiscal policy tools (Congress sets HC values annually)
- Reduced government overhead and spending
- Preservation of social order and capitalism itself

Success looks like:

- Navigating the greatest economic transformation in history without breakdown
 - Unprecedented public approval for delivering both safety and opportunity
 - Eventual reduction in government size as HC replaces entitlement bureaucracy
-

11. From Entitlements to Human Credit

The Human Credit doesn't eliminate existing programs overnight. It provides a pathway to replace them gradually, on the strength of results.

The Principle

No one loses existing benefits. New systems prove themselves before old ones phase down.

How the Transition Works

Immediate: New recipients of displacement support receive HC instead of traditional unemployment. Existing recipients continue under current programs.

Years 1–5: HC runs alongside existing programs. Direct comparison data accumulates. Where HC proves superior, new recipients are routed to HC by default.

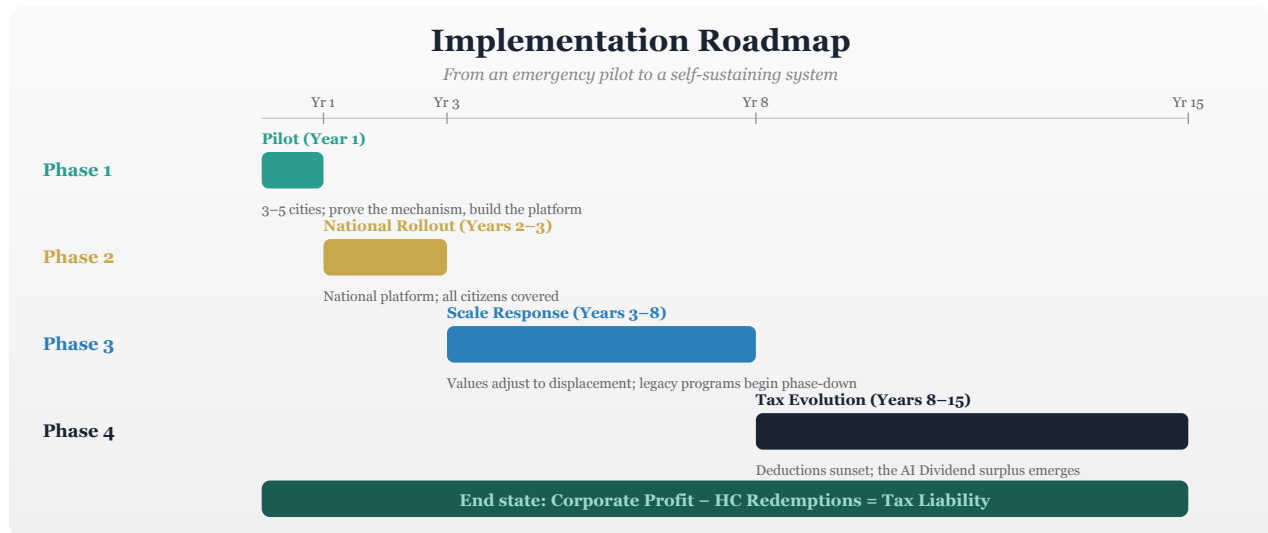
Years 5–10: Programs like food stamps, school lunches, and housing assistance gradually phase down as HC covers those needs.

Years 10–15: Social Security, Medicare, and Medicaid transition more slowly. The timeline is longer because the stakes are higher and the populations are more vulnerable.

Key safeguard: Phase-out only occurs where HC demonstrably outperforms the existing program. If it doesn't, the old program continues.

12. Implementation Pathway

The Human Credit doesn't switch on all at once. It rolls out in phases, and the funding levers engage in sequence—each where it fits. (The levers themselves are detailed in Section 7.)



Phase 1: Emergency Pilot (Year 1)

Objective: Prove the mechanism before crisis hits—a pilot in 3–5 diverse locations, 2–3 outcome categories, the assignment platform, and fraud policing in place. The launch levers are the gentle ones: *voluntary tax offset* (companies help to reduce tax they already owe), *government non-delivery efficiency* (no new bureaucracy), and a deliberately generous *priming spread* to attract the first providers. No rate hikes, no entitlement changes.

Phase 2: National Rollout (Years 2–3)

Triggered by successful pilot results or accelerating displacement. Congressional authorization; national platform. As displacement grows, *windfall capture at the existing rate* and the early work of *closing tax-avoidance loopholes* begin to fund the system, while the new *human-services economy* starts re-employing displaced workers. A *bounded transition deficit* bridges any gap—explicitly temporary.

Phase 3: Scale Response (Years 3–8)

Congress adjusts values annually as displacement rises; the system scales automatically. *Closing avoidance* matures into the main capacity multiplier, *disinflation* from AI productivity lowers the real cost of each outcome, and the priming spread *tightens* as competition matures. Legacy programs begin to phase down—only where the Human Credit demonstrably outperforms them—the start of *entitlement redirect*.

Phase 4: Tax System Evolution (Years 8–15)

Other corporate deductions sunset, so the tax code simplifies toward profit minus Human Credit redemptions. *Entitlement redirect* reaches full effect as proven programs hand off to HC, the transition deficit has closed, and the system runs the AI Dividend surplus. End state: Corporate Profit – HC Redemptions = Tax Liability.

13. Concerns and Responses

"Won't companies just game the system?" The citizen chooses who earns their credit, so minimal or fake help simply isn't assigned. Where fraud is suspected, citizens flag it and the government investigates—backed by severe penalties, fiduciary duty, public (blockchain) transparency, the individual-assignment requirement, and whistleblower provisions.

"What about income inequality?" AI will concentrate wealth. The Human Credit routes around this by connecting concentrated tax liability to universal human support.

"Won't people be coerced to assign credits?" Real risk. Addressed through: federal crime to coerce assignment, whistleblower protection and rewards, split assignment requirements, delay between service and assignment, public education on credit sovereignty, and anonymous reporting mechanisms.

"What about rural areas and underserved populations?" Addressed through classification flexibility: higher credit values for underserved areas, remote services, nonprofit and church participation, and fungibility allowing urban corporations to buy credits from rural providers.

"Won't this cause inflation?" Not if implemented correctly. This is not new money creation—it's redirection of existing tax flows.

"What happens to existing programs?" Gradual transition with no one losing benefits. See Section 11.

"Why should we trust corporations to help people?" We're not trusting them. We're aligning their incentives. Corporations don't help people out of goodness—they help people because that's where the tax relief is. And because the citizen chooses who earns the credit, only genuine help gets rewarded.

"Is there enough margin for companies to actually participate?" Yes—by design. A credit must be worth more than the outcome costs to deliver, and that margin is the incentive that pulls providers in and seeds a whole new human-services economy. Early on, credit values are set generously to attract providers and build the ecosystem; as competition matures, margins tighten and more of the value reaches the citizen. Calibrating that margin is government's core task.

"What does this do to the federal deficit?" In the transition years it adds a bounded, temporary deficit—a bridge, not a permanent program. As the system matures—loopholes closed, AI-driven corporate profit rising, and legacy programs gradually superseded only where the Human Credit proves superior—it moves toward balance and then surplus. Measured against the real alternative—an unmanaged displacement that collapses the tax base while

safety-net demand surges—it is far cheaper, and unlike approaches that rely on permanent new outlays, its support tapers as people regain their footing.

"What if it fails?" The Human Credit exists one year at a time. Congress can adjust values, restructure categories, or discontinue the program based on annual results.

14. Conclusion

The Time Is Now

We cannot wait until millions are displaced to develop these systems. We cannot afford years of gridlock while technology races ahead.

The Human Credit as described is a starting point. Not perfect. Not complete. But a possibility worth exploring—before we run out of time to explore.

Thank You

We hope you've found the HC concept intriguing. Human Credit is clearly an idea that has not surfaced elsewhere in policy discourse, which is why we have offered it. If that core insight has merit, we invite critique, refinement, modeling, and debate.

About This Document

This whitepaper is a thought experiment in policy innovation, developed collaboratively between human insight and AI analytical capability. It is offered freely for public domain discourse and improvement.

We welcome: Critique from all political perspectives. Refinement of mechanisms and safeguards. Economic modeling and analysis. Pilot proposals. Legislative analysis. Academic research.

Contact: **humancredit.org**

"The best way to predict the future is to create it." — Often attributed to Peter Drucker

