European Citizen Capital

Broadening ownership in the age of AI, automation and demographic change

The challenge

Europe faces three long-term developments that should increasingly be considered together.

First, population ageing.
A growing share of the population will depend on income generated by a proportionally smaller working-age population.

Second, artificial intelligence, automation and robotics.
These technologies have the potential to raise productivity substantially. They may create new occupations and increase wages, but they may also allow a larger share of economic value to be generated by capital rather than labour.

Third, ownership of productive capital remains unevenly distributed.
If future productivity gains increasingly accrue to owners of capital, relying mainly on wages, taxation and social transfers to distribute prosperity may become progressively more difficult.

The magnitude and speed of these developments are uncertain. The policy question is therefore not whether AI will inevitably replace labour, but whether Europe should prepare for the possibility that the relative contributions of labour and capital to economic production will change substantially.

From redistribution to broader ownership

Traditional social policy largely intervenes after market income has been generated:

production → income → taxation → redistribution.

European Citizen Capital would investigate an additional route:

production → capital return → broad citizen ownership → citizen income.

This is not intended to replace wages, pensions or social protection.

Nor is it a proposal for a universal basic income.

The objective would be to explore whether European citizens can gradually become **co-owners of part of the productive capital from which future prosperity is generated**.

Instead of distributing only the consequences of technological progress, society would progressively broaden participation in its productive assets.

A possible Citizen Capital Fund

Member States — or eventually European institutions — could establish independently governed investment funds that accumulate diversified productive assets over several decades.

Possible funding sources could include:

- a limited share of future productivity-related fiscal gains;
- revenues from public assets, concessions and spectrum rights;
- selected capital-related revenues;
- realised efficiency gains in public expenditure;
- proceeds from public asset transactions;
- voluntary or negotiated employee and corporate participation mechanisms.

The fund should **not be financed by additional public borrowing merely to purchase financial assets**, nor should productive investment be discouraged through a simple tax on robots or automation.

Assets should be professionally managed, internationally diversified and legally protected against short-term political appropriation.

During an initial accumulation period, returns could largely be reinvested.

Once sufficient scale has been achieved, part of the sustainable investment return could provide a **citizen dividend**, while another part continues to preserve and expand the capital for future generations.

Why this may complement the Savings and Investments Union

The European Savings and Investments Union seeks to give citizens better opportunities to participate in capital markets while mobilising European savings for productive investment.

This is an important objective.

However, individual participation inevitably depends partly on a household's capacity to save.

Citizen capital could investigate a complementary question:

> **Can participation in productive capital also be broadened to citizens who currently have little or no financial wealth available to invest?**

Individual savings and collective citizen capital need not be alternatives.

They could become two complementary forms of capital participation:

individual wealth formation + collective citizen wealth formation.

Why this is also a question of intergenerational fairness

Public debt transfers obligations into the future.

Public investment can transfer productive infrastructure into the future.

A citizen capital fund introduces a third possibility:

transferring productive financial assets to future generations.

This changes the intergenerational discussion.

The question would no longer be only:

> *What financial, demographic and environmental burdens are we leaving to younger generations?*

but also:

> **What productive assets are we leaving them?**

A society can therefore consider both sides of its intergenerational balance sheet:

liabilities inherited by future generations
versus
assets inherited by future generations.

A possible European research agenda

This proposal should not yet be regarded as a ready-made institutional model.

Several questions require independent economic and legal examination:

Economic feasibility
How large would a fund need to become before meaningful citizen dividends could be distributed without eroding its real capital?

Financing and incidence
Who ultimately bears the cost of each financing mechanism — workers, consumers, companies, existing asset owners or taxpayers?

Macroeconomic effects
How would citizen capital affect investment, wages, labour supply, consumption, inequality and public finances?

Governance
How can the fund remain professionally managed and protected from short-term political spending?

European law
How would such structures interact with EU fiscal rules, competition law, State aid rules, taxation and the free movement of capital?

Subsidiarity
Should citizen capital funds primarily remain national instruments, operate through voluntary European coordination, or eventually contain a European component?

Distribution
Should participation be universal and equal, and how should children, migration, residence, citizenship and inheritance be treated?

Proposal

The European Commission could examine **Citizen Capital** as a complementary policy instrument within its work on:

- the Savings and Investments Union;
- intergenerational fairness;
- demographic change;
- artificial intelligence and productivity;
- wealth formation and inequality;
- the long-term sustainability of European social models.

A first step need not involve legislation.

It could consist of an independent feasibility study comparing alternative models, including national sovereign or citizen funds, employee ownership, collective investment mechanisms and existing international examples.

Different productivity, demographic and capital-return scenarios could then be modelled over several decades.

The central question

Europe has spent considerable effort asking:

How should future prosperity be redistributed?

AI, automation and demographic change may justify asking an additional question:

> **How can citizens become broader co-owners of the capital that generates that prosperity?**

If technological progress substantially increases European productivity, its benefits need not be expressed solely through higher profits, higher wages, lower prices or greater tax revenues.

A fifth channel deserves investigation:

broader ownership.

The objective is not equality of wealth.

It is **broader participation in wealth creation**.

And rather than promising future generations only that today's financial problems will eventually be solved, Europe could investigate whether it can also leave them something tangible:

productive capital of their own

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