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Human Sovereignty and the Reconstruction of Political Economy
in the Age of Artificial Intelligence

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This working paper develops and extends concepts first articulated in Open Wins: The New Enlightenment (Kwag 2026).

Abstract

Artificial intelligence is transforming capitalism not only by increasing productive capacity but also by restructuring the institutional channels through which individuals acquire information, enter markets, accumulate reputation, make decisions, and exercise economic agency. Conventional debates framed primarily as capitalism versus socialism, market versus state, or growth versus redistribution do not fully capture this transformation. In AI-mediated economies, a central political-economic question increasingly concerns control over the infrastructures of agency: data, identity, reputation, market access, algorithmic intermediation, and artificial-intelligence agents. This paper develops UCAISM, or Intelligent Capitalism, as a sovereignty-centered political-economic framework for the age of artificial intelligence. UCAISM does not propose a conventional Third Way located between capitalism and socialism. It proposes a Third Architecture: a multidimensional institutional design intended to preserve decentralized market discovery, private initiative, and technological innovation while expanding effective Human Sovereignty. The framework begins with an SM-K formulation—Smith, Marx, and Kwag. Smith contributes decentralized exchange and market coordination; Marx highlights concentration and structural power; UCAISM introduces a third question: how should effective sovereignty be distributed when intelligent digital infrastructures increasingly mediate economic action? The framework is situated in relation to Hayek's dispersed knowledge, Rawls's basic structure, Sen's capability approach, Ostrom's polycentric governance, Polanyi's embeddedness, contemporary digital competition policy, and emerging fiduciary-AI research. The paper develops six principal theoretical contributions: the Sovereignty Gap, Distributed Agency, Portable Sovereignty, Universal Basic Sovereignty, Agent-Centric Intelligent Markets, and the Third Architecture. These are implemented through seven institutional pillars encompassing Human Sovereignty, portability, fiduciary agency, basic sovereignty, Growth with Equity and shared value, coopetition, and polycentric deliberative governance. The central proposition is that technological progress should be evaluated not only by productivity, innovation, income, or aggregate welfare, but also by whether institutions leave human beings more capable of forming intentions, pursuing goals, revising choices, challenging consequential decisions, employing trustworthy representatives, moving between systems, and remaining authors of their own lives.

Keywords: UCAISM; Intelligent Capitalism; Human Sovereignty; Artificial Intelligence; Third Architecture; Sovereignty Gap; Distributed Agency; Universal Basic Sovereignty; Fiduciary AI; Portable Sovereignty; Platform Economy; New Enlightenment

1. Introduction

Artificial intelligence is commonly understood as a technology of productivity. It can automate cognitive tasks, lower information costs, accelerate scientific research, improve prediction, and expand access to forms of expertise that were previously scarce. These possibilities are economically significant. They are not sufficient, however, to determine whether an AI-intensive economy will be free, inclusive, or institutionally legitimate.

Technological capability and human empowerment are not identical. A society can become more computationally powerful while individual citizens become more dependent upon systems they neither control nor meaningfully understand. Economic output can rise while market access becomes concentrated. AI assistance can become more accurate while the human process of forming intentions becomes less consequential. The distribution of technological gains is therefore only one part of the problem. A second question concerns the distribution of agency.

Classical political economy asked who owns the means of production. That question remains relevant. The AI economy adds others: who controls the means of access; who controls the means of decision; who controls digital identity and accumulated reputation; who determines the objective function of an AI agent acting for an individual; and can individuals move between institutions without abandoning the economic identity they helped create? These are questions of sovereignty.

Open Wins: The New Enlightenment developed the idea of a sovereignty gap between formal rights and effective agency in platform-mediated environments and explored mechanisms such as portability, Portable Merit, fiduciary agents, Agora Dividend, Human Dividend, and protected cognitive space as institutional responses to platform dependence (Kwag 2026). The present paper generalizes those mechanisms into a broader political-economic framework. It therefore treats Open Wins as a direct conceptual predecessor rather than as external empirical proof.

UCAISM begins from the proposition that the defining institutional problem of an intelligent economy is not simply how intelligence is automated, but how effective sovereignty is distributed. The framework calls the resulting political economy Intelligent Capitalism. Its normative center is Human Sovereignty; its institutional methodology is the Third Architecture; and its broader philosophical horizon is the New Enlightenment.

1.1 Central Research Question

How can an AI-intensive market economy preserve decentralized innovation and market discovery while expanding effective Human Sovereignty?

This central question generates six subsidiary questions: how digital architecture creates gaps between formal freedom and effective agency; under what conditions portability strengthens exit and contestability; whether personal fiduciary AI can create countervailing power; what capabilities constitute a minimum sovereignty floor; when co-produced digital value can justify participation in returns; and how authority over intelligent systems should be allocated among individuals, firms, communities, markets, states, and transnational institutions.

2. From the Market–State Binary to the Third Architecture

Twentieth-century political economy was substantially organized around the relationship between markets and states. Capitalism emphasized private property, decentralized exchange, competition, entrepreneurship, and price coordination. Socialist traditions emphasized public ownership, collective control, distribution, and the political consequences of concentrated private economic power. Mixed economies incorporated elements of both, while various Third Way approaches sought compromise inside this conceptual space.

The AI economy creates a more multidimensional institutional problem. A digital platform may simultaneously be a private firm, a marketplace, an information intermediary, an identity infrastructure, a reputation system, a rule maker, a data repository, and an algorithmic gatekeeper. Consequently, the relevant question is no longer simply how much economic activity should be allocated through markets rather than governments. One must also ask who defines access, whether economic identity is portable, whether intermediaries are contestable, whether AI acts for the platform or the person, and whether exit is meaningful.

Contemporary competition policy already reflects this architectural turn. OECD work treats portability and interoperability as mechanisms that can reduce switching costs and strengthen contestability, while emphasizing privacy, security, and implementation trade-offs (OECD 2021a, 2021b). The European Union's Digital Markets Act similarly imposes architecture-level obligations concerning interoperability and data access. In 2026, European Commission measures concerning Android extended interoperability obligations into functionality relevant to

competing AI services (European Commission 2026). These developments do not prove UCAISM, but they show that the institutional problems it addresses are already becoming policy problems.

UCAISM therefore argues that competition policy is increasingly also architecture policy. The theoretical task is to analyze not only outcomes inside markets but the institutional design of the channels through which market participation becomes possible.

2.1 The Third Architecture

A conventional Third Way can be represented as movement along one dimension between capitalism and socialism. UCAISM rejects that representation as sufficient for AI political economy because the relevant variables include ownership, access, portability, representation, centralization, capability, competition, cooperation, distribution, governance, and cognitive authorship.

The Third Architecture is a multidimensional political-economic design that seeks to preserve decentralized market discovery while distributing effective agency across individuals, institutions, and technological systems.

3. SM-K: Smith, Marx, and Kwag

SM-K should not be understood as an assertion that Smith and Marx can be reconciled simply by averaging their doctrines. Instead, it identifies three distinct political-economic questions that become sequentially important in the development of UCAISM.

3.1 Smith: Decentralized Exchange

Adam Smith provides essential foundations for a decentralized political economy. His work emphasizes specialization, exchange, ordinary judgment, and the dangers of allowing would-be system builders to substitute centralized schemes for the varied judgments of individuals situated in particular circumstances. UCAISM preserves private initiative, entrepreneurship, market discovery, competition, specialization, and decentralized choice. It is therefore not an anti-market theory (Smith 1759, 1776).

Smith = Decentralized Exchange

3.2 Marx: Concentrated Power

Marx forces political economy to examine the relation between economic structure and power. For UCAISM, the continuing relevance of Marx lies not in accepting comprehensive central planning as a solution, but in treating concentration, control, and alienation as institutional phenomena that cannot be ignored. In industrial capitalism, ownership of physical productive capital was central; digital capitalism adds data, identity, rankings, reputation, interfaces, network access, and algorithmic intermediation (Marx 1867).

Marx = Concentrated Power

3.3 Kwag: Distributed Sovereignty

UCAISM adds a third question: how should effective sovereignty be distributed when intelligent digital infrastructures mediate the operation of markets themselves? The K dimension is therefore not a midpoint between Smith and Marx. It introduces a new analytical dimension associated with AI-mediated economic agency. Open Wins supplied the transitional institutional vocabulary; UCAISM generalizes it into sovereignty architecture (Kwag 2026).

Kwag = Distributed Sovereignty

SM-K = Market Coordination + Power Analysis + Sovereignty Architecture

4. Intellectual Foundations

4.1 Hayek: From Distributed Knowledge to Distributed Agency

Hayek's knowledge argument provides a crucial intellectual bridge. His 1945 analysis emphasized that the information necessary for economic coordination is dispersed among individuals rather than given in complete form to a central decision-maker (Hayek 1945). AI does not eliminate this problem. Large models may aggregate unprecedented

quantities of information, but context-specific knowledge, changing purposes, tacit information, and local circumstances remain distributed.

AI also creates another possibility: knowledge may remain distributed while the capacity to act through digital infrastructure becomes concentrated. Millions of people can possess local knowledge while relying on a small number of systems to search, rank, authenticate, establish reputation, reach customers, or deploy AI representation. UCAISM therefore introduces the Distributed Agency Principle: a genuinely decentralized intelligent economy requires attention not only to the distribution of knowledge but also to the distribution of effective capacity to act upon that knowledge.

Distributed Knowledge + Distributed Agency

4.2 Rawls: The Digital Basic Structure

Rawls identifies society's basic structure—its major political and social institutions—as a principal object of justice because those institutions profoundly affect rights, opportunities, income, wealth, social status, and life prospects (Rawls 1971). UCAISM extends this insight cautiously. It does not claim that every software interface is constitutionally equivalent to the institutions Rawls had in mind. Instead, it proposes a functional threshold: when systems governing digital identity, market access, employment ranking, credit, reputation, credentialing, or essential AI-mediated access become sufficiently consequential for people's life opportunities, those systems acquire basic-structure significance.

Digital architectures that systematically and durably allocate consequential opportunities, access, reputation, information, or decision authority increasingly form part of the effective institutional structure through which social freedom is exercised.

4.3 Sen: Capability, Agency, and Sovereignty

Sen's capability approach focuses on what people are genuinely able to do and become rather than merely what resources or formal rights they possess (Sen 1999). The distinction is central to UCAISM. A formal right to download data is not equivalent to an ability to make meaningful use of those data; a legal right to change platforms does not generate substantive mobility if years of reputation disappear upon exit; and access to an AI tool is not equivalent to the ability to use it effectively.

Resources → Capabilities → Agency → Sovereignty

The final movement from capability to sovereignty is the UCAISM extension. Capability concerns substantive opportunity. Human Sovereignty additionally asks whether a person can sustain and exercise that opportunity across institutional systems without unnecessary structural dependency.

4.4 Ostrom: Polycentric Governance

Ostrom's work demonstrates why complex governance should not automatically be reduced to a choice between privatization and centralized government. Her analysis of polycentric governance shows how multiple interacting centers of authority can govern complex systems (Ostrom 2010). UCAISM adopts this insight for digital governance. Authority may legitimately reside at different levels depending upon the issue: individual, community, firm, sector, state, or international institution. The principle is not maximal decentralization, but institutional placement where knowledge, competence, accountability, affected interests, and legitimate collective purposes can best be aligned.

4.5 Polanyi: Algorithmic Embeddedness

Polanyi's political economy raises the problem of whether markets remain embedded within society or whether social relationships become reorganized around market imperatives (Polanyi 1944). AI produces an analogous concern. Social life can increasingly be mediated through optimization, prediction, ranking, scoring, recommendation, and automated intervention. UCAISM therefore proposes that markets should remain embedded in society and algorithms should remain embedded in human purposes. Technology may optimize means, but legitimate ends cannot simply be inferred from optimization itself.

5. Human Sovereignty and the Sovereignty Gap

5.1 Human Sovereignty

Human Sovereignty is the institutionally supported capacity of persons to form, pursue, revise, represent, and contest consequential choices affecting their lives, and to move across relevant institutional systems without unnecessary structural dependence upon a dominant intermediary.

The concept contains six dimensions: formation, pursuit, revision, representation, contestation, and mobility. Human Sovereignty is therefore best understood as institutionally enabled agency. It does not imply unlimited individual control. Individuals exist inside reciprocal legal and social orders, environmental constraints, rights of others, and legitimate collective institutions.

5.2 The Sovereignty Gap

A society can recognize extensive formal rights while individuals remain incapable of exercising them effectively. Open Wins introduced this gap as a central problem of platform-mediated freedom (Kwag 2026). UCAISM formalizes the distinction conceptually as follows:

$$SG = FS - ES$$

where SG is the Sovereignty Gap, FS is Formal Sovereignty, and ES is Effective Sovereignty. Examples include a right to leave without transferable reputation; a right to data that cannot meaningfully be reused; a right to appeal without an intelligible explanation; or nominal choice among providers whose essential infrastructure is controlled by the same intermediary.

Institutional objective: Minimize the Sovereignty Gap

6. Portable Sovereignty and Effective Exit

Data portability is an established policy concept rather than a UCAISM invention. OECD research examines its potential to reduce switching costs, enable data reuse, reduce lock-in, and strengthen competition and innovation (OECD 2021a, 2021b). UCAISM generalizes the problem because a modern economic person accumulates much more than raw data.

$$PS = [Data, Identity, Credentials, Reputation, Merit, Authorized Agency]$$

This broader concept is Portable Sovereignty. Its objective is not maximal transferability; it is meaningful institutional mobility. Portable Merit, developed in Open Wins, is one application of this principle to accumulated evidence of contribution, performance, and trustworthiness that would otherwise remain captive to a platform (Kwag 2026).

6.1 Effective Exit

$$Effective\ Exit = Formal\ Exit + Practical\ Portability - Switching\ Costs$$

If an individual can legally depart but doing so destroys accumulated economic standing, the exit right may have little practical competitive force. Exit without meaningful portability is incomplete freedom. The claim is nevertheless conditional: portability can create privacy, security, fraud, third-party-rights, and intellectual-property problems. UCAISM therefore advocates governed portability, not indiscriminate portability.

7. Fiduciary AI and Agent-Centric Intelligent Markets

As AI develops from recommendation toward delegation, representation becomes a central political-economic issue. The critical question is: whose agent is the AI? Existing scholarship already applies fiduciary concepts to AI. Benthall and Shekman (2023) develop a framework for fiduciary AI, while Li (2024) examines artificial fiduciaries in corporate governance. UCAISM does not claim fiduciary AI as an original invention. Its distinctive extension is political-economic: fiduciary AI becomes a mechanism for redistributing bargaining and informational power toward the individual.

7.1 Platform-Centric and Agent-Centric Markets

$$Platform-Centric: Person \rightarrow Platform \rightarrow Market$$

$$Agent-Centric: Person \rightarrow Personal\ Fiduciary\ Agent \rightarrow Multiple\ Markets$$

A trustworthy personal agent could potentially search, compare, negotiate, manage permissions, detect conflicts, transfer authorized context, and challenge adverse terms. AI can therefore strengthen platform intermediation or strengthen human bargaining power. Institutional design determines which role dominates.

7.2 Fiduciary Intensity

Required Fiduciary Intensity $\propto$ Delegated Authority + Consequentiality + Information Asymmetry + User Vulnerability

A spelling assistant and an autonomous financial representative should not face identical obligations. This proportionality principle keeps fiduciary architecture from becoming an indiscriminate regulatory category.

8. Universal Basic Sovereignty

The welfare state historically developed mechanisms for protecting people from material deprivation. Those mechanisms remain necessary. AI creates another possible form of deprivation: agency deprivation. A person can possess basic income while lacking digital access, AI capability, usable identity, portable credentials, algorithmic recourse, or effective market mobility. UCAISM therefore introduces Universal Basic Sovereignty (UBS).

8.1 UBS and UBI

UBI asks what minimum income should be guaranteed. UBS asks what minimum effective agency should be secured.

These questions are related but not mutually exclusive. UBS conceptually extends beyond income without implying that income support is unnecessary. In contexts where material insecurity is the binding constraint, income support may be an essential component of basic sovereignty.

UBS = Economic Security + Digital Access + AI Capability + Identity Control + Portable Reputation + Contestability + Effective Exit

The components should not yet be treated as a finalized constitutional list. UBS is initially a normative and empirical research framework for identifying the capabilities increasingly necessary for meaningful participation in an AI-intensive society.

9. Growth with Equity

UCAISM is not opposed to growth. Entrepreneurship, investment, technological innovation, and productivity remain necessary components of Intelligent Capitalism. The central issue is whether equity is viewed only as a corrective mechanism after production. The empirical literature on inequality and growth is heterogeneous, and UCAISM should not claim that greater equality automatically produces greater growth. Instead, it makes a narrower institutional claim: broader opportunity, human capital, and productive capability can affect both distribution and productive capacity (Cingano 2014; Ostry, Berg, and Tsangarides 2014; Cerra, Lama, and Loayza 2021).

9.1 Participation-Enhancing Growth

Capability + Access + Skills + AI Augmentation + Portable Credentials + Market Entry $\rightarrow$ Broader Productive Participation $\rightarrow$ Growth

This can be described as participation-enhancing growth. Some institutional interventions affect not merely the division of a fixed economic surplus but the ability of individuals to participate in producing that surplus. Education is a familiar example; digital capability, credible portable reputation, AI access, fair market entry, and interoperable infrastructure may perform analogous functions in an intelligent economy.

Growth with Equity refers to an institutional strategy in which productivity, investment, entrepreneurship, and technological innovation are pursued together with broader capability formation and access to productive participation, without assuming either equal outcomes or a universal absence of efficiency–distribution trade-offs.

Acemoglu and Johnson (2023) likewise emphasize that technological progress does not automatically generate shared prosperity. UCAISM's distinctive emphasis is that the distribution of effective agency—portability, representation, mobility, contestability, and capability—helps determine how people participate in technological gains.

10. Shared Value: Agora Dividend and Human Dividend

10.1 Agora Dividend

Digital economic value is rarely attributable to a single source. A platform may supply investment capital, infrastructure, software, cybersecurity, entrepreneurial coordination, branding, and risk-bearing. Workers contribute labor; producers contribute products and content; users contribute transactions, reviews, attention, behavior, and network density; public institutions contribute law, education, infrastructure, and research. The existence of many contributors does not establish identical claims, but it does make ecosystem co-production a legitimate object of institutional analysis.

Arrieta-Ibarra et al. (2018) argue that some user-generated data can be understood as productive contribution and explore the idea of data as labor. UCAISM deliberately goes broader than a data-wage theory. It uses ecosystem co-production as the relevant unit.

Agora Dividend is a family of institutional mechanisms through which participants may share in economic value materially co-produced within a governed market, platform, network, or digital ecosystem.

Possible institutional forms include cooperative ownership, participant equity, revenue sharing, patronage-style rebates, producer profit participation, ecosystem funds, and protocol revenues. No universal percentage is implied. Agora Dividend is rooted in participation and co-production, not in poverty status, and therefore should remain distinct from welfare redistribution. The concept was first articulated as part of the institutional vocabulary of Open Wins (Kwag 2026).

10.2 Human Dividend

Human Dividend begins from a broader phenomenon. Contemporary AI systems depend on substantial private contributions—capital, engineering, research, computing infrastructure, entrepreneurial risk, and organizational expertise—but also operate on top of accumulated social and civilizational resources that no contemporary firm created alone, including language, mathematics, scientific knowledge, public research, education, culture, code, and human-generated information.

Human Dividend refers to institutional mechanisms through which society may participate broadly in a portion of extraordinary AI-enabled gains when those gains materially depend upon collectively accumulated civilizational inputs.

This does not imply that all AI output belongs collectively to humanity or prescribe a particular tax. Possible institutional vehicles include social wealth funds, citizen capital accounts, public-equity mechanisms linked to public investment, or returns linked to publicly funded research. Lansley (2017) provides an adjacent example through the citizens' wealth fund literature. The strength of a Human Dividend claim should rise with the magnitude of AI-enabled productivity gains, the importance of collective inputs, and the concentration of resulting capital ownership.

$$\text{Human Dividend justification} = f(\text{Productivity Gain, Collective Inputs, Concentration})$$

Open Wins introduced Human Dividend as part of a broader architecture for sharing gains from intelligent systems; the present paper narrows the concept into a conditional political-economic proposition rather than a predetermined universal transfer formula (Kwag 2026).

11. Coopetition and Open-but-Governed Markets

Another false binary is competition versus cooperation. Complex technological markets often require both. Competition can drive experimentation, innovation, and discipline. Cooperation can support protocols, common standards, security, portability, interoperability, and shared infrastructure. UCAISM therefore formalizes the relation as Coopetition.

$$\text{Competition} + \text{Cooperation} = \text{Coopetition}$$

The architecture can be separated into three layers: infrastructure, where cooperation may be relatively more important; services, where competition may dominate; and governance, where public, private, technical, and user institutions interact. The resulting principle is Shared Infrastructure + Competitive Services + Polycentric Governance.

Open does not mean ruleless. UCAISM prefers open but governed: open where openness expands mobility, contestability, innovation, and agency; governed where security, reciprocity, trust, privacy, or legitimate collective objectives require rules.

12. Sovereign Deliberative Democracy

UCAISM does not imply continuous referenda or citizen participation in every technical choice. Complex societies necessarily rely on delegation. The problem is whether delegated power remains bounded, explainable, contestable, and accountable. The preferred scholarly concept is Sovereign Deliberative Democracy, whose principle is delegation without surrender of sovereignty.

$$\textit{Democracy} = \textit{Delegation} + \textit{Deliberation} + \textit{Accountability} + \textit{Contestability}$$

Polycentric governance complements this structure by recognizing multiple legitimate centers of authority. The intensity of governance should also be proportional to consequence and power asymmetry. Low-risk recommendations need not be governed like employment, credit, health, criminal justice, or essential public services. Contemporary OECD AI principles emphasize human agency and oversight, transparency, explainability, and accountability, while NIST's AI Risk Management Framework treats trustworthy AI as a socio-technical governance problem (OECD 2024; Tabassi 2023). UCAISM places these concerns within a broader theory of political-economic sovereignty.

13. Cognitive Sovereignty and the New Enlightenment

AI creates another problem that cannot be reduced to economic mobility. A sufficiently advanced assistant may anticipate, filter, recommend, prepare, and execute before a person has consciously completed the process of deciding. This can be beneficial because much cognitive burden is unnecessary. The problem arises when assistance replaces the interval in which a person forms an intention.

Protected Cognitive Space is the meaningful interval in which a person can encounter information, consider alternatives, form an intention, revise a preference, and determine what a consequential choice means before automated systems transform prediction or recommendation into action.

This concept was developed in Open Wins as a condition of freedom in AI-mediated environments (Kwag 2026). UCAISM incorporates it under Cognitive Sovereignty. Freedom is not simply the number of options available; it also depends on intention formation, agency, and the ability to revise choices.

$$\textit{Freedom} = \textit{Options} + \textit{Intention Formation} + \textit{Agency} + \textit{Revision}$$

The distinction is between assistance, in which AI reduces burden and returns agency, and capture, in which AI preempts deliberation and reduces authorship. The decisive question is not how much AI does, but whether delegation ultimately leaves the person more capable of authoring consequential choices.

This provides the philosophical bridge to the New Enlightenment. The original Enlightenment asserted human reason against inherited authority. The New Enlightenment asks how human authorship can remain meaningful when automated systems can increasingly anticipate and execute action.

14. Intelligent Capitalism and Institutional Intelligence

The term Intelligent Capitalism should not mean merely capitalism using AI. UCAISM distinguishes three forms of intelligence: Human Intelligence, Artificial Intelligence, and Institutional Intelligence.

$$\textit{IC} = f(\textit{HI}, \textit{AI}, \textit{II})$$

Human Intelligence supplies purpose, judgment, values, context, and meaning. Artificial Intelligence supplies calculation, search, prediction, generation, optimization, and scalable assistance. Institutional Intelligence determines authority, rights, incentives, accountability, exit, contestation, and distribution.

Good AI operating inside bad institutions can produce bad political economy.

The role of Institutional Intelligence is not to abolish trade-offs but to govern them. Openness must be reconciled with security; individual agency with reciprocal obligation; value sharing with innovation incentives; and decentralization with accountability. Intelligent Capitalism is therefore defined by the quality of the institutional relationships surrounding intelligence, not merely the quantity of AI deployed.

15. Principal Original Contributions

For scholarly purposes, UCAISM should limit its primary originality claim to six contributions. This restraint is important because several mechanisms incorporated into the theory—data portability, interoperability, capability theory, polycentric governance, AI oversight, and fiduciary obligation—have substantial prior literatures.

15.1 Sovereignty Gap

The conceptual distinction between formal rights and effective institutional agency, used to integrate switching costs, portability, algorithmic recourse, AI representation, and digital capability.

15.2 Distributed Agency

The extension of decentralized political economy from distributed knowledge toward distributed technological capacity to act.

15.3 Portable Sovereignty

The generalization of data portability into portable digital-economic identity, reputation, merit, credentials, and authorized agency.

15.4 Universal Basic Sovereignty

The extension of capability into an AI-era sovereignty floor that concerns minimum effective agency rather than income alone.

15.5 Agent-Centric Intelligent Markets

The incorporation of fiduciary AI into a theory of individual countervailing market power and multi-market representation.

15.6 The Third Architecture

The integration of these elements into a multidimensional sovereignty-centered political economy rather than a midpoint on a capitalism–socialism axis.

UCAISM does not claim originality for data portability, interoperability, capability theory, polycentric governance, AI oversight, or fiduciary obligation individually. Its proposed contribution is architectural: it organizes Distributed Agency, the Sovereignty Gap, Portable Sovereignty, Universal Basic Sovereignty, agent-centric fiduciary markets, shared-value mechanisms, and polycentric governance around effective Human Sovereignty as a common political-economic objective.

16. Measurement and Empirical Research Agenda

16.1 Human Sovereignty Vector

A sovereignty-centered political economy ultimately requires measurement. UCAISM proposes six preliminary dimensions: Agency, Portability, Exit, Contestability, Representation, and Value Participation. The framework should initially be presented as a Human Sovereignty Vector rather than a single numerical index because there is not yet sufficient empirical justification for assigning weights.

$$HSV = [A, P, X, C, R, V]$$

A composite Human Sovereignty Index should be considered only after construct validation, sector testing, cross-country comparison, stakeholder research, and normative analysis. This avoids pseudo-precision and keeps the theory falsifiable.

16.2 Initial Hypotheses

H1 — Portability: Greater effective portability of economically relevant data, reputation, and credentials reduces switching costs, other things equal.

H2 — Contestability: Where network effects are not overwhelming, reduced switching costs increase market contestability.

H3 — Fiduciary Agency: AI agents subject to stronger user-loyalty and conflict-disclosure requirements produce decisions more closely aligned with users' stated long-term goals than materially intermediary-optimized agents.

H4 — Portable Merit: Workers possessing transferable verified credentials and reputation exhibit greater labor-market mobility than comparable workers whose reputational capital is platform-specific.

H5 — Algorithmic Contestability: Meaningful explanation, appeal, and correction mechanisms increase perceived legitimacy of consequential automated decisions.

H6 — Capability and Agency: Where capability deprivation is the binding constraint, capability-enhancing support generates greater long-term agency than equivalent short-term cash assistance alone.

H7 — Coopetition: Where complementary innovation substantially depends upon interoperability, shared protocols combined with service-level competition generate greater innovative diversity than strongly closed architectures.

H8 — Cognitive Sovereignty: For consequential personal decisions, excessive AI preemption of deliberation reduces perceived authorship and may weaken commitment to the resulting decision.

16.3 Potential Falsifiers

UCAISM would require substantial revision if robust evidence repeatedly showed that portability produces no meaningful mobility after artificial switching barriers are removed; independent fiduciary agents do not improve user-aligned outcomes; Human Sovereignty cannot be empirically distinguished from existing constructs; UBS-type capability measures systematically fail relative to simpler income mechanisms; interoperable architectures consistently produce lower welfare even where interoperability should support complementary innovation; or users exhibit no meaningful concern for authorship in consequential choices once AI becomes sufficiently accurate.

17. Discussion and Limitations

The core argument of UCAISM is not that every economy should become maximally decentralized, every dataset portable, every AI agent fiduciary, or every platform subject to identical governance. The argument is more specific: AI creates institutions capable of interposing themselves between the individual and increasingly large portions of economic action. Where those institutions become structurally important, the distribution of effective agency becomes a central political-economic concern.

Concept validity

Human Sovereignty may overlap substantially with autonomy, capability, republican non-domination, consumer welfare, due process, and agency. The theory must demonstrate that its synthesis adds explanatory value.

Measurement

The Human Sovereignty Vector remains conceptual and requires construct validation before any composite index is justified.

Portability trade-offs

Portability and interoperability can increase mobility but also privacy, cybersecurity, fraud, and compliance risks.

Fiduciary complexity

AI agents may face conflicting principals, uncertain preferences, changing interests, and difficult boundaries between loyalty and paternalism.

UBS scope

Universal Basic Sovereignty remains a framework rather than a defined welfare program, and its components will vary across technological contexts.

Growth with Equity

The relationship between inequality, redistribution, capability, and growth is heterogeneous; not every equity-enhancing intervention is growth-enhancing.

Value attribution

Agora Dividend faces serious problems in identifying and valuing co-production.

Collective contribution

Human Dividend requires principled criteria for distinguishing legitimate collective claims from ordinary taxation of successful innovation.

Governance fragmentation

Polycentric governance can distribute power but also create coordination failure and unclear accountability.

Normative conflict

Human Sovereignty can conflict with public safety, environmental sustainability, equal rights, collective action, and protection of vulnerable parties. Sovereignty is a central objective, not an absolute trump.

18. The UCAISM Institutional Intelligence Test

For practical application, the theory can be reduced to seven diagnostic questions. This test translates UCAISM from political philosophy into an evaluative framework for AI assistants, labor platforms, digital finance, education, health AI, autonomous commerce, public AI, and platform regulation.

Agency: Does the institution expand or contract meaningful human agency?

Portability: Can legitimate accumulated economic identity move?

Exit: Can individuals leave without disproportionate loss?

Contestability: Can consequential decisions be understood, challenged, and corrected?

Representation: Whose interests does the relevant intermediary or AI agent serve?

Participation: Who contributes to value creation, and how are legitimate claims to gains structured?

Governance: At what institutional level should authority and accountability reside?

19. From Open Wins to UCAISM

The relationship between Open Wins and UCAISM should remain conceptually precise. Open Wins diagnoses sovereignty problems generated by platform concentration and develops transitional mechanisms involving openness, portability, Portable Merit, fiduciary agents, reciprocity, Agora Dividend, Human Dividend, and protected cognitive space (Kwag 2026). UCAISM broadens these mechanisms into a general political economy.

Open Wins is the bridge; UCAISM is the larger destination architecture.

More precisely, UCAISM can be understood as a transitional institutional architecture through which platform-centric capitalism may evolve toward UCAISM's broader model of Intelligent Capitalism. Open Wins and UCAISM should therefore not be used as synonyms. The former is the direct conceptual predecessor and transitional blueprint; the latter is the wider political-economic theory.

20. The New Enlightenment and 天地人

The New Enlightenment provides the civilization-level layer above the political economy. The traditional Enlightenment asserted human reason against inherited authority. AI introduces another form of authority: automated systems capable of anticipating, recommending, structuring, and executing human choices. The New

Enlightenment therefore asks whether humans can remain meaningful authors of their lives when machines increasingly outperform them in prediction and execution.

The civilization-level framework can also be expressed through the East Asian concept of 天地人. 天 represents the digital realm—AI, networks, algorithms, data, and cloud systems. 地 represents the material and social realm—work, production, cities, communities, ecology, and everyday life. 人 represents the normative center—dignity, agency, judgment, freedom, and sovereignty. This is a civilizational meta-framework rather than empirical proof: digital and material systems must ultimately be ordered toward human flourishing within legitimate social and ecological constraints.

20.1 Conceptual Hierarchy

The conceptual hierarchy should remain fixed: The New Enlightenment is the civilizational and philosophical vision; UCAISM or Intelligent Capitalism is the political-economic system; the Third Architecture is the institutional design framework; UCASM/Open Wins is the transitional architecture and implementation layer; and Human Sovereignty functions as the normative objective across all levels.

21. Conclusion

Artificial intelligence does not eliminate the classical problems of political economy. It transforms them. Markets still coordinate. Capital still accumulates. Economic power still concentrates. Institutions still distribute opportunities. But intelligent systems add another layer between the individual and economic action. They search, rank, filter, predict, recommend, negotiate, and increasingly act.

The political economy of artificial intelligence therefore cannot concern only ownership of productive capital or distribution of income. It must also concern the distribution of effective agency. Smith explains why decentralized exchange matters. Marx explains why concentration and structural power matter. Hayek explains why dispersed knowledge matters. Rawls explains why the architecture of major institutions matters. Sen explains why substantive capability matters. Ostrom demonstrates why complex governance can extend beyond a simple market-state binary. Polanyi reminds political economy that economic systems must remain embedded in human purposes.

Open Wins supplied an earlier institutional vocabulary for addressing the sovereignty gap in platform economies. The present theory generalizes that vocabulary into UCAISM: a sovereignty-centered model of Intelligent Capitalism (Kwag 2026). Contemporary digital policy adds further evidence that portability, interoperability, human oversight, and contestability have become central institutional questions (OECD 2021a, 2024; European Commission 2026).

UCAISM builds upon these traditions but asks a different organizing question: how should sovereignty be distributed when intelligence itself becomes part of economic infrastructure? Its answer is not the abolition of markets, unrestricted platform sovereignty, or comprehensive central planning. Its answer is the Third Architecture.

An intelligent market should remain competitive while becoming more portable and contestable. AI should become more capable while becoming clearer about the human principal it serves. Welfare should protect against deprivation while expanding capability and agency. Growth should increase productivity while widening participation. Digital infrastructures should be open where openness strengthens innovation and sovereignty, and governed where security, reciprocity, privacy, and legitimate collective interests require rules. Democracy should permit delegation without requiring the surrender of contestability. Automation should remove unnecessary burdens without eliminating the human interval in which consequential intention is formed.

UCAISM does not promise to dissolve the trade-offs of political economy. It instead argues that AI changes where those trade-offs must be examined: growth with participation, portability with security, personal agency with reciprocal obligation, open architecture with governance, and innovation incentives with legitimate participation in value. The defining characteristic of Intelligent Capitalism is therefore not the absence of conflict among objectives but the institutional intelligence with which those conflicts are governed.

UCAISM = Intelligent Capitalism

$IC = f(HI, AI, II)$

Objective: Expand Effective Human Sovereignty

Does the institutional architecture make human beings more capable of authoring their own lives?

If technological progress increases computational intelligence while systematically diminishing human authorship, progress is incomplete. If economic growth increases aggregate wealth while reducing mobility and effective agency, freedom is incomplete. But if artificial intelligence removes unnecessary burdens while expanding capability, bargaining power, mobility, judgment, and meaningful choice, intelligence becomes human-serving. That is the ambition of Intelligent Capitalism. That is the purpose of the Third Architecture. That is UCAISM. And its civilizational horizon is the New Enlightenment.

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Author Note

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