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# Universal Income Credit Standard

## for a Digital Global Economy

*A policy framework for blockchain-based income redistribution in response to AI-driven workforce displacement*


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| **Author** | Luis Guzman |
| **Publisher** | Grey Matter Press |
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| **Contact** | research@gr3ymatt3r.com |
| **Website** | gr3ymatt3r.com |


**ABSTRACT**

The Universal Income Credit Standard (UICS) proposes a structured economic response to AI-driven labor displacement. Companies that automate human jobs contribute to a displacement tax, redistributed via blockchain-based Universal Income Credits to affected workers. The framework integrates UBI principles, labor rights, and decentralized finance to create an accountable, transparent global safety net. Pilot deployment is proposed for Austin, Texas and San Salvador, El Salvador.

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SECTION 1

# Governance Structure

The UICS framework relies on an independent oversight body called the Independent Commission on Workforce Automation (ICWA). This commission is tasked with monitoring labor markets, assessing corporate automation strategies, and quantifying job displacement. ICWA's mission is to ensure transparency, accountability, and fairness in how the displacement tax is calculated and applied. It will operate internationally and collaborate with national labor departments, economic research institutes, technology companies, and international organizations. ICWA will be responsible for issuing annual Displacement Impact Reports (DIRs) to assess and quantify the impact of automation on employment across sectors.

ICWA's structure will consist of economists, labor rights experts, technologists, blockchain auditors, and government liaisons. The commission will use a hybrid data strategy, sourcing insights from corporate filings (e.g., ESG disclosures), HRIS systems, payroll data, automation adoption reports, and governmental employment surveys. The ICWA will also rely on open-source blockchain tools to make their assessments verifiable and publicly accessible.

To maintain independence, ICWA will be funded through a small portion of the automation displacement tax it regulates, along with multilateral grants from organizations such as the World Bank, the International Labour Organization (ILO), and the United Nations Development Programme (UNDP). This ensures that no single nation or corporate entity has undue influence over its operations.

Ultimately, ICWA is the keystone of UICS, enabling equitable, data-driven redistribution of value in an increasingly automated economy.

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*International Labour Organization. (2021). Working Paper on Automation and Employment Displacement.*

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SECTION 2

# Displacement Tax

At the core of the Universal Income Credit Standard is the Displacement Tax -- an economic obligation imposed on companies that replace human labor with automation or artificial intelligence systems. This tax is designed not as a punitive measure, but as a social balancing mechanism that ensures the wealth created through technological advancement is shared with those adversely affected by it. The Displacement Tax is assessed based on the number of Full-Time Equivalent (FTE) positions eliminated due to automation, adjusted by industry benchmarks and company size.

The Independent Commission on Workforce Automation (ICWA) is responsible for determining tax thresholds and rates each fiscal year. Rates may vary by sector -- higher for industries with historically higher automation impact (e.g., manufacturing, logistics, customer service) and lower for sectors where human labor remains essential. Companies are also encouraged to report proactively through ICWA's automated job displacement portal, which connects directly to HRIS and payroll systems to validate workforce reductions.

Importantly, the tax structure includes incentives for ethical automation transitions. Firms that offer job retraining, internal reassignment, or profit-sharing programs for affected workers may receive tax deductions. This balanced approach prevents undue resistance from corporations while encouraging them to contribute to the common good. Displacement Tax revenues are automatically routed into the UICS Reserve Pool, denominated in a regulated stablecoin (USDC), and programmed for transparent redistribution.

As automation expands rapidly over the next decade, the Displacement Tax will become a critical instrument of economic resilience, reducing inequality and funding a global safety net for displaced workers.

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SECTION 3

# UICS Reserve Pool and Token

The UICS Reserve Pool functions as the central treasury system within the Universal Income Credit Standard framework. It is funded by the Displacement Tax, which is levied on companies that reduce their human workforce due to automation. This reserve holds assets in a secure, transparent, and blockchain-compatible format -- specifically, the stablecoin USD Coin (USDC), which is backed 1:1 by U.S. dollars and audited for transparency. This ensures stability, avoids inflationary risk, and enables cross-border payments to eligible individuals.

Every transaction within the UICS Reserve Pool is managed through a decentralized ledger, offering immutable records and smart contract automation. Funds are disbursed monthly as Universal Income Credits to verified recipients who have lost their jobs or are in at-risk industries. These payouts are calculated based on a tiered formula that includes duration of displacement, regional cost of living, and national income benchmarks.

Recipients are issued income credits via secure, non-custodial wallets such as Coinbase Wallet (for U.S. residents) or Chivo Wallet/Bitso (for Salvadoran residents). The integration with these wallets allows users to convert their credits to local fiat currency, save or invest in crypto assets, or use credits for daily expenses through partner merchants and DeFi networks.

To prevent misuse, smart contracts manage eligibility, recurring payments, and usage analytics. Additionally, AI-powered fraud detection tools monitor wallet behavior, and Chainlink oracles ensure real-world data (e.g., employment records, inflation) keeps the system aligned with economic conditions.


**SOURCES**

*Circle. (2023). USDC Whitepaper.*

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SECTION 4

# Technology Stack

The UICS technology stack is the backbone of the entire system, designed to support secure, transparent, and scalable income credit distribution. At its core, UICS utilizes blockchain infrastructure to ensure tamper-proof record keeping and decentralized trust. The platform is built on Ethereum-compatible smart contracts, deployed on high-performance Layer 2 solutions such as Base (by Coinbase) or Solana for low-fee, high-throughput transactions. These protocols ensure global operability while maintaining energy efficiency and robust security.

Smart contracts handle the end-to-end flow of funds -- from Displacement Tax contributions by corporations to eligibility validation and monthly income disbursements. These contracts are auditable and govern key parameters such as recipient qualification, disbursement cycles, and emergency overrides. Changes to the smart contract logic are governed by a multi-signature governance mechanism controlled by ICWA and third-party validators to prevent abuse or manipulation.

Chainlink oracles serve as a bridge between off-chain data and the blockchain-based disbursement engine. These oracles provide verified inputs such as real-time unemployment rates, inflation indexes, job loss reports, and corporate automation activity. This real-world data allows smart contracts to adjust disbursement amounts dynamically, based on current economic conditions.

The front-end of the UICS system is delivered via a mobile-first web app that integrates with digital wallets such as Coinbase Wallet (for U.S. users), Chivo Wallet (for El Salvador), and Bitso. The app provides dashboards for users to track payments, submit verification documents, connect with retraining resources, and opt into voluntary staking or savings programs.

The UICS stack also integrates privacy-preserving analytics to protect user data. Tools such as zero-knowledge proofs (ZKPs) and secure multi-party computation (SMPC) help ensure users can validate their eligibility without exposing unnecessary personal data.


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SECTION 5

# Pilot Locations

UICS is designed for global deployment, but its initial implementation will be piloted in two strategically chosen locations: Austin, Texas (USA) and San Salvador, El Salvador. These cities represent two very different economic and political environments -- one a progressive tech-driven city within the largest developed economy, the other a global pioneer in national-level cryptocurrency adoption. Together, they provide a unique opportunity to test the system in both high-tech and emerging economy contexts.

Austin is a prime U.S. location due to its growing technology sector, openness to policy experimentation, and increasing workforce displacement in industries like rideshare, warehousing, and food delivery. The city's infrastructure, educated workforce, and digital inclusion initiatives make it a strong candidate for blockchain-based UBI-style programs. In collaboration with the Texas Workforce Commission and local city government, UICS can access displacement data and ensure integration with retraining pathways.

San Salvador offers the opportunity to deploy UICS in a setting where Bitcoin is already legal tender and where citizens are familiar with crypto wallets such as Chivo. UICS would use a stablecoin like USDC instead of a volatile asset like Bitcoin, but the local wallet infrastructure and crypto user base lower the barrier to entry. Displacement from informal work, agriculture, and call centers -- coupled with limited social safety nets -- makes UICS particularly impactful in El Salvador. Partnerships with the Ministry of Economy and private sector organizations like Bitso will help facilitate on-ramping and user onboarding.

These pilot sites allow policymakers and technologists to compare adoption rates, disbursement efficiency, fraud rates, and socioeconomic outcomes. Results from these pilots will inform larger rollouts in other regions, particularly in Latin America, Sub-Saharan Africa, and Southeast Asia.

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*City of Austin Innovation Office. (2022). Smart City Strategy.*

*Government of El Salvador. (2021). Bitcoin Law Implementation Guide.*

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SECTION 6

# Implementation Benefits

The implementation of UICS yields numerous benefits for individuals, governments, and corporations navigating the disruptive wave of automation. First and foremost, it creates a resilient economic safety net for workers displaced by technological change -- providing predictable, regular income to support basic needs during periods of transition. This stabilizes local economies, reduces stress on unemployment systems, and allows displaced individuals to re-skill, re-enter the workforce, or pursue entrepreneurship.

For governments, UICS offers an alternative to reactive welfare programs by establishing a proactive, structured solution that is blockchain-auditable and fraud-resistant. The program's use of smart contracts and oracles allows near real-time tracking of employment trends, tax compliance, and payout efficiency, reducing administrative overhead.

Corporations benefit from UICS by gaining clear guidelines for ethical automation adoption. The tax incentives for retraining, internal reassignment, or shared ownership help them maintain a positive public image while adapting their workforce to emerging technologies. Additionally, by supporting UICS, companies demonstrate leadership in socially responsible innovation -- important for ESG scoring and stakeholder trust.

UICS also serves as a test case for how cryptocurrency and decentralized finance tools can be used for humanitarian and developmental purposes. Its transparency, programmability, and cross-border compatibility address many of the limitations of traditional aid and welfare systems.

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SECTION 7

# Potential Partners

To successfully scale UICS globally, a coalition of public institutions, private sector innovators, and multilateral organizations must come together. These stakeholders will contribute funding, policy support, infrastructure, and global legitimacy.

Public sector partners include the U.S. Department of Labor, which can provide workforce data and grants for displaced workers; the Government of El Salvador, with experience deploying crypto wallets at scale; and municipal governments like those of Austin and San Salvador, which offer local implementation support.

Private partners include Circle (issuer of USDC), Coinbase (digital wallets and infrastructure), Bitso (LatAm crypto exchange), and Chainlink (oracle and automation verification). Each offers unique technical contributions to the infrastructure and transparency layers of UICS.

Multilateral institutions like the World Bank, International Labour Organization (ILO), and United Nations Development Programme (UNDP) bring global reach, funding capacity, and research support. They are instrumental in scaling UICS into emerging markets and in supporting displaced populations in the Global South.


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research@gr3ymatt3r.com | gr3ymatt3r.com

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