Universal Basic Philanthropy: A Scalable Model to Democratize Social Impact

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Society traditionally equivocates charitable giving with generosity and individual sacrifice. We argue that, although this is a classically valid view, the continued growth in size and impact of the modern social profit sector requires a radical rethinking of its financial foundations. Our solution is the novel conceptualization of Universal Basic Philanthropy: an economic assertion that social influence should be a civil right for all individuals. In this paper, we present a simple mechanism to implement our belief in public policy, speculate on the potential implications at a national scale, and propose a strategy for actionable research moving forward.

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1. INTRODUCTION

General support for giving is a prominent characteristic of American sentiment toward philanthropy [80]. However, differing viewpoints can emerge when considering philanthropy in the context of power and inequality, as we will elaborate in Section 2. We frame our work with three observations that we hold to be self-evident.

1. Traditional philanthropy is plutocratic by design.
2. Philanthropy has a valuable role in the economy *independently* of Point 1.
3. Society should work to counteract Point 1 but maintain Point 2, if possible.

Although some may question the feasibility or practicality, we do not consider the objective of Point 3 to be radical. Indeed, the search for pragmatic and actionable approaches to bring more voices into philanthropy is a vibrant and complex field in its own right. Such work includes both exploratory policy proposals like the universal charitable deduction [16] as well as critical analysis of existing trends like giving circles [43] and community foundations [31]. We do not attempt to add to this body of work. Instead, by drawing on cross-disciplinary inspiration from ideas in classical economics and new developments in the tech domain, this paper documents a much longer-term vision to rethink the fundamental value of charitable giving. Universal Basic Philanthropy (UBP) is, to our knowledge, the first proposal to fully democratize philanthropy through scalable market-based economic policies. The premise is this: every month, all adult citizens within a jurisdiction receive a free transactable charity stipend that they must eventually donate to a philanthropic cause. Nonprofit organizations can then convert the donations back into regular money to fund their mission. We hypothesize advantages to this scheme within three domains, which we will defend in Sections 4, 5, and 6, respectively.

1. *Individual Empowerment*: Serious implementation of democratic values will lead to better public engagement and participation in social issues.
2. *Informed Giving*: Wider distribution of decision-making power will lead to more informed and rational financial allocation.
3. *Altruistic Economics*: The tokenization of philanthropy will create a new economy of altruistic financial transactions.

Given the ambitious nature of our scheme, we have two critical reasons to begin promoting this work now. First, so-called "utopian thinking" can have tremendous normative impact, as argued by Van Parijs in a related case study for Universal Basic Income [76]. Perhaps the most useful result of this work will be to draw public attention to nuanced topics around tax policies, accountability practices, and which organizations should be eligible for tax-exempt status. Secondly, in contrast with other similarly grand proposals, UBP researchers have a distinctly clear path to obtain initial empirical results. By leveraging the existing financial infrastructure in the nonprofit sector, we believe it is feasible to operate low-overhead, high-fidelity experiments that can scale up to the city, state, and, eventually, the national stage. In summary, the potential immediate impact of UBP research is substantial. We intend for this paper to provide a high-level but comprehensive starting point for further discourse.

2. BACKGROUND

Charitable giving continues to be a strong tradition in American culture. *Giving USA* 2019 estimates \$428 billion in individual donations [26] while the

World Giving Index ranks the US as 2nd among 140 countries in their latest report on average generosity [52]. However, while aggregate donations as a fraction of total GDP has remained steady, the proportion of contributions originating from wealthier donors has rapidly outpaced the rest of the population in recent years. Between the early 2000s and 2017, giving by donors earning more than $200,000 per year grew from 30% to 52% [51]. Conversely, between 2000 and 2014, the total number of households that donated at all fell from 66% to 55% [17]. Existing policy and culture may even encourage inequality. A report by the US Congressional Budget Office found that the top 11% of tax filers by income benefited from 76% of the $40.9 billion of subsidies for that year [57].

In a country that has traditionally favored progressive taxes in virtually all other areas, why has a regressive policy perpetuated for so long? One possible answer, succinctly articulated by Jenkins in a criticism of philanthrocapitalism [40], is that society still frames philanthropy in terms of individual choice and generosity. We do not claim that this view is right or wrong. However, perhaps it is no longer sufficient in a time when the nonprofit sector has achieved a global impact on so many consequential areas like education, news, welfare, human rights, and research. Although our assessment focuses primarily on the singular dimension of wealth inequality [42, 46], empirical evidence suggests that discrepancies in charitable giving, engagement, and public perception are also significant among many other demographic variables such as race, religiosity, and education [53]. Elsewhere, researchers have examined auxiliary factors such as geography [4, 39] and grantee demographics [23]. In mainstream culture, a growing number of authors have written popular books drawing attention to the multi-faceted issue of inequality in the nonprofit sector [55, 12, 45, 77, 28, 68]. The implicit motivation behind all of these works is that philanthropy is power, and power requires scrutiny.

3. UNIVERSAL BASIC PHILANTHROPY

Our proposed solution is *Universal Basic Philanthropy*. The scheme stipulates that at some level of governance, the state will fund and distribute a guaranteed charitable stipend to its constituents. Where UBP is the generic name of the distribution policy, we will refer to the unit of currency as a *philanthropy dollar*. Philanthropy dollars enjoy all of the flexibility of the US dollar (USD), with the exception that only registered nonprofits can extract its monetary value. Effectively, it creates a free-market infrastructure for individuals to make decisions about social profit without needing to consider the influence of traditional money. We illustrate the dynamics of this system in Figure 1 and propose to implement it through a combination of legal and technical mechanisms summarized in the seven rules below:

1. The state distributes philanthropy dollars in equal amounts to all individuals.
2. Entities (individuals or nonprofits) may trade USD for philanthropy dollars at a fixed 1:1 exchange rate.
3. Entities may send philanthropy dollars to any other entity.
4. Only registered nonprofits may trade philanthropy dollars for USD at an approved exchange.
5. Entities may only pay interest and capital gains on philanthropy dollar investments with more philanthropy dollars.
6. Entities may never exchange philanthropy dollars for regular money or material goods and services on a secondary market.
7. Nonprofits may not offer regular money or material goods and services in exchange for philanthropy dollars donations.

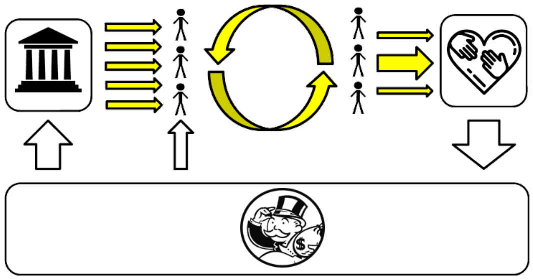

FIGURE 1. Flow of money in the UBP model. White arrows represent regular money and yellow arrows represent philanthropy dollars

Before moving on, it is worth discussing the theoretical rational for aspects of our design. First and foremost, Rule 1 explicitly declares the egalitarian distribution for UBP. Unlike the existing tax code described in Section 2, our goal to is democratize philanthropic influence, not simply increase charitable giving. Rules 2-4 establishes the economic value of UBP dollars. To a nonprofit, a philanthropy dollar is worth one regular dollar. To an individual, it is worth somewhere between zero and one regular dollars, depending on how much they value philanthropy. Finally, Rules 5-7 attempts to preserve the altruistic integrity of philanthropy dollar such that they cannot contribute to material gain for an individual. Muhammad Yunis provides insight on the need to separate social from individual profit in the similar domain of social business [79].

How much should UBP pay to each individual? A reasonably logical situation to consider is one in which the government eliminates the existing charitable tax deduction and redistributes the resulting revenue in a UBP program. Using the most recent estimates by the Congressional Joint Committee on Taxation, this amount would total roughly $20 per month per adult individual [62]. However, the public may be amenable to a additional taxation if it allows them the "ability" to reduce their private giving. If all giving eventually flows through UBP in this way, then the government would be able to pay out closer to $150 per month per individual.

4. INDIVIDUAL EMPOWERMENT

First, we view the benefits of UBP through the lens of democratic values. Our scheme explicitly places philanthropy under the umbrella of public funding. A question naturally arises: what is the role and importance of philanthropy in this model? The answer lies in the differences in dynamics between the traditional voting process and our market-based mechanism. Among other things, our work is the economic realization of a view expressed by Rob Reich about the role of foundations [67]. Reich argues that since democracies must act at the discretion of the majority, democratic governments will never be able to adequately provide public goods that are too localized, controversial, or innovative to win the support of the "median" voter. Currently, such services are exclusively in the domain of traditional private giving.

Our work proposes a mechanism to combine the democratic benefits of public funding with the merits of more flexible philanthropic decision-making. In effect, UBP is a complementary market-based extension to our civic power as citizens of a democratic state. As shown in Section 2, social profit affects every aspect of society at a significant scale. There is a multitude of philosophical, moral, and sociological reasons why we may want to maximize public decision-making in these institutions. Such change could go a long way toward impressing a feeling of communal ownership of social profit to the public. In a pair of experiments combining lab and field results, Eckel and Grossman illustrate that donor behavior can vary dramatically depending on how authorities verbally frame the offer of a charitable subsidy [21, 22]. We conjecture that among the many options for communicating democratized decision-making in the social profit sector, none are quite as powerful as distributing mass amounts of money into individual bank accounts.

Individual empowerment may have more immediately obvious benefits as well. If UBP provides the public with a greater sense of empowerment in social profit, perhaps it will lead to greater engagement and volunteerism. An survey conducted by Fidelity Investments Inc. supports the natural intuition that individuals who donated were also far more likely to volunteer [38]. Although this data only shows a correlative link, one of the key contributions of our initial UBP study will be to measure the magnitude of the causal relationship. Any evidence that UBP could increase the national output of volunteerism, estimated to be worth $167 billion in 2018, would be a strong justification for public financing of the program [25]. The final argument for UBP on the subject of individual empowerment relates to well-being and happiness. Separately, research has shown that health outcomes positively correlates with greater equality, giving, and volunteerism [2, 20, 8]. UBP aims to reinforce all three.

5. INFORMED GIVING

Whereas the previous section focused on the benefits of UBP for participating individuals, this section argues that it also improves the efficacy of the social profit sector itself. We will cover two opposing inefficiencies in traditional philanthropy. The first arises from the well-documented "warm-glow" effect of giving which whereby a focus on the immediate emotional needs of donors leads to sub-optimal utilitarian results in social impact [60]. On the opposite end of the spectrum, recent pressure to embrace more quantitative and analytical decision-making by institutional donors leads to another set of nuanced problems. Such pressures can incentivize simplistic and measurable technocratic activity at the cost of interpersonal, nuanced work [15]. UBP attempts to mitigate both problems by better aligning funding with information. We hypothesize that the money flowing into social profit as a whole will reflect more deliberate decision making that encodes higher-quality, local knowledge about the underlying issues.

5.1. Deliberate Decision-Making

At the first extreme, some everyday individuals donate almost exclusively based on intense emotions, perhaps in response to a moving advertisement or a stimulating social situation. This type of giving can be less desirable for several reasons. In contrast to other variants, information is a low-priority for warm-glow donors [60]. Furthermore, appealing to warm-glow and impulse incurs expensive financial as well as psychological costs to fundraising [18]. Organizations often run high-cost fundraising events solely in the hope that a few first-time donors will someday turn into recurring, low-cost supporters of the cause [78]. Despite the costs to securing warm-glow donors, the literature overwhelmingly agrees that emotions are more effective than logic in motivating philanthropy [13]. Even more interestingly, a seminal paper by Small et al. sheds light on a secondary phenomenon: that adding rational deliberation to the decision-making process tends to reduce generosity [72]. We conjecture that emotion plays such a dominant role because of the requirement for self-sacrifice. If basic economic theory is the purest form of rationality, then it follows that individuals will only donate when something induces them to act irrationally.

UBP is a value-agnostic policy that should enable more deliberate, rational giving without necessarily forcing it. In contrast to traditional philanthropy, UBP removes the need for self-sacrifice by explicitly separating the resources that people can use on themselves (regular money) from the resources that they can allocate for public benefit (philanthropy dollars). The effect uncovered by Small et al. does not apply here because there is no requirement for generosity in the first place. As a result, organizations and individuals who embrace carefully-deliberated decision-making will be on better footing. Unlike the Effective Altruism movement, UBP does not make any normative judgments about how emotions and rationality should inform personal values [71]. It merely leaves room for optional deliberation by reducing the need for *impulse* in the giving process. Whether people ultimately donate from the heart or the head is up to them. UBP supports both and allows them to sleep on it first.

5.2. Local Knowledge

On the other end of the spectrum, the comparatively analytical approach of institutional grant-making employed performed by foundations, corporations, and governments have a different set of shortcomings. The first reason is that the administrative cost of implementing rigorous measurements and evaluation may bias funding toward organizations with the resources to invest in capacity building in the first place[56]. The second reason follows partially from our discussion of the purpose of social profit in Section 4. If the role of social profit is to complement the shortcomings of the state, then the most relative nonprofits are characteristically small, personable, and innovative. These organizations, which might include school clubs, crisis lines, and conservation groups, are precisely the most difficult to evaluate and compare under a single framework [48, 73].

We present UBP as a less formal but more robust alternative to aggregate information. Whereas traditional grant-making depends primarily on expert analysis by a handful of individuals, UBP can make better use of qualitative *local knowledge* spread out through the entire population. Local knowledge, which may include personal experience with general social issues, interactions with a specific nonprofit, or second-hand information of either, informs the individual decision-making process. The hypothesized effectiveness of decentralized UBP over expert traditional grant-making is analogous arguments in favor of free-markets over central planning in traditional economics [5]. However, egalitarianism in philanthropy is even more desirable given that lower-income individuals are both more likely to have personal experiences with social issues [32] as well as a predisposition for greater prosocial behavior [65].

There may be another positive secondary effect that is unique to UBP. Recall that UBP allows the exchange of philanthropy dollars between individuals. If philanthropy dollars someday trades on a wide-spread and active economy, a point which we argue for in Section 6, then we expect that it will tend to flow toward people who are more interested in social profit. Supposing that these people are consequently more engaged and knowledgeable, then increasing their input is a clear win for informed philanthropy.

As a final point, although we argue that UBP offers a definite improvement to over-reliance on grant-making institutions, we have no reason to believe that these organizations should have a less prominent role in a UBP-centric world. First, they appear well-suited to play the gate-keeping role needed to determine which nonprofits are eligible for funding, a point which we touch in Section 7.1. Secondly, we expect that many individuals will still choose to donate to expert-run foundations, especially those who value analytics or who prioritize large-scale issues like climate change. However, these foundations would now be more accountable to the public than to a concentrated source of wealth.

6. ALTRUISTIC ECONOMICS

Our third and final hypothesized benefit of UBP is its potential to catalyze a scalable, economically well-defined ecosystem that we call *The Altruistic Economy.* Informally, a traditional view of free-market economics predicts that every time money should change hands, it does [69]. In reality, people frequently face social or ethical considerations that impede the otherwise free flow of money. Examples include trading favors between friends and betting on political elections. In these cases, one plausible explanation for the psychological aversion is to avoid the socially detrimental perception of greed and pettiness [66].

Philanthropy dollars offer a scalable alternative for facilitating these transactions that is notionally free from greed or selfishness, at least in the narrow financial sense. Also relevant, although more indirectly so, is the "crowding-out effect", which is well-established in existing literature [7, 29]. This term describes a phenomenon whereby introducing extrinsic financial incentives often counter-productively "crowds-out" an individual's intrinsic psychological motivation for participating in the first place. However, most prior studies have examined this effect with respect to normal monetary incentives. An interesting area of future research is to study whether philanthropy dollars can add incentivization without harming intrinsic dispositions. Indeed, experimental results indicate certain prosocial incentives could provide an even greater motivation than selfish incentives at sufficiently low stakes [37]. Whatever the mechanism, we suggest that the prosocial construction of philanthropy dollars would serve to facilitate a new class of altruistically-minded economic interactions. The proceeding subsections enumerate a non-exhaustive list of possibilities. Although we do not expect most of them to hold up perfectly in a real-world setting, we present them all as useful thought experiments.

6.1. New Individual Exchange

This category describes exchanges between two private individuals. In addition to the earlier "trading favors" scenario, examples of transactions might include birthday presents, donations "in lieu of flowers," and classroom awards.

6.2. Supplementary Compensation

One classical school of thought suggests that professionals in certain fields might accept lower pay to work for mission-driven causes [33]. Although more recent empirical analysis has questioned the magnitude of this effect [44], any influence it does affect is presumably a benefit for society as a whole. Supposing that this wage gap persists in a UBP-adjusted world, companies might choose to make up the difference with a supplementary philanthropy dollar "bonus." This form of compensation serves to empower the worker and signal their actual economic worth to society. However, 100% of the money would stay in the social profit sector. For this mechanism to be effective, we would need to promote ethical or legal expectations to prevent the worker from donating right back to their employer.

6.3. Social Profit Banking

Some individual will want to store their philanthropy dollars for later use. In theory, banks could accept philanthropy dollar deposits and loan them out to nonprofits at a lower interest rate than regular money. They might then pass back some of this revenue to the depositor. By Rule 5 of Section 3, no parties can earn a regular profit off this process, so the bank must either provide the service "altruistically" or must itself be a nonprofit.

6.4. Tax Rebates

Debates about wealth redistribution often revolve around the value of equality on one side and the need for economic incentives on the other [5]. Especially in the U.S., where political divisiveness has steadily risen for the past half-century [9], philanthropy dollars may offer an appealing middle ground. In this scheme, the government would levy a progressive tax on higher income brackets. However, rather than collect the money, it would immediately pay it back to the same individual as a philanthropy dollar rebate. Assuming that the social profit sector as a whole has some redistributive effect and that philanthropy is a valid incentive, then such a rebate would theoretically be appealing to both sides of the debate.

6.5. New Business Models

In the same way that philanthropy dollars facilitate personal transactions that may be socially or ethically problematic, it could do the same for some businesses. Easily conceivable examples are philanthropy casinos and philanthropy ticket resale. However, much more exotic possibilities exist. For instance, we reference a popular economics podcast which documents the rise and fall of a tech company that tried to monetize public parking spaces [36]. This business model, which allegedly failed due public outrage, might someday be more successful in the altruistic economy.

6.6. Social Businesses

A social business, as defined by Muhammad Yunus, is a financially self-sustaining business that seeks to maximize social profit. Although it can raise capital by issuing shares of equity, the total sum of dividends paid out in its lifetime can at most match the principle investment [79]. As currently defined, this setup implies that a social business can never distribute any form of financial profit. Our model would enable social businesses to pay out philanthropy dollar dividends to reward investors without compromising their mission-driven purpose.

6.7. Social Impact Bonds

A social impact bond is an agreement between a large public stakeholder such as a government and a contractor. They are funded by private investors and structured in such a way that repayment is contingent on the progress of the measurable social problem the contractor promises to address. For instance, investors might bet on some agency to reduce recidivism among a population of recently incarcerated individuals [59]. Although this tool already works with regular money, allowing philanthropy dollars investments could open the possibility for more sensitive social issues than would otherwise be acceptable.

6.8. Awareness Markets

A prediction market is a financial instrument that allows speculators to bet on the outcome of future events [3]. We propose *awareness markets* as a way to leverage this instrument for spreading awareness about critical social statistics. For instance, an investor might stake money to answer the following question: "What percentage of children in New Mexico will be living above the poverty line by 2022?" Although speculation on such issues with regular money might be unethical, speculating with philanthropy dollars could be more acceptable. An active awareness market would leverage the stimulating psychology of betting to aggregate information on socially relevant measurables. Furthermore, the awareness market might prove to be a useful financing tool. When the market closes on this hypothetical example, either more children would leave poverty than initially expected, or the investor would earn a net profit of philanthropy dollars for the cause.

7. CHALLENGES AND BEST PRACTICES

In this section, we will present considerations for critical challenges and best practices in maintaining the integrity of the system. We make an underlying assumption that UBP will operate exclusively on a digital payment platform sanctioned by the federal government, perhaps one that builds from contemporary research in payment technologies [58, 6]. Although we outline legal and technological solutions to handle the challenges here, the expectation is that such measures would also foster reinforcing social and ethical norms.

7.1. Gate-Keeping

The gate-keeping challenge is the task of maintaining the list of nonprofits eligible to receive donations. By improving access to grassroots funding, UBP would likely incite an increased interest in nonprofit startups. A fair but effective gate-keeping process serves three primary purposes:

- Prevent fraud by screening out attempts to launder philanthropy dollars into regular dollars.
- Prevent waste by screening out redundant startups that will needlessly draw resources from established organizations.
- Maintain solidarity by ensuring that the public as a whole supports most of the causes on the list.

The first gate-keeping strategy we propose is to leverage the capabilities of existing grant-making organizations. Unlike open-ended considerations about value systems and qualitative impact, gate-keeping questions about legal compliance, financial accountability, and logic model soundness map well to the analytical expertise found in these institutions [35]. Another strategy is to extend the existing concept of fiscal sponsorship. Using this approach, governments would require prospective nonprofit startups to gather some minimum number of "sponsorships" from established organizations. This method raises the barrier of entry while encouraging collaboration and preventing redundancy. A combination of both approaches is likely to be the most effective. By formalizing these relationships on the same digital platform, we can take advantage of automated data mining and social network analysis techniques that have shown promise in other fraud detection domains [14, 74]. Rudimentary algorithms might identify tightly-coupled networks of organizations with a high rate of historical abuse or flag obscure nonprofits that only ever receive donations from a few recurring individuals. Finally, we note that the UBP mechanism itself can serve as an practical barrier of entry. To filter out less serious endeavors and raise the stakes for fraud, authorities might force startups to exceed a minimum fundraising threshold before it can cash out donations.

7.2. Donation Integrity

A perverse consequence of empowering a broader base of donors is to also broaden the market for unethical fundraising solicitations. Organizations might ask for "donations" from the individuals that they serve in exchange for preferential treatment. More innocuously, fundraisers might try to raise philanthropy dollars by selling or gala tickets. The IRS currently regulates this behavior for tax exemption purposes under quid pro quo guidelines [70]. In our model, it is a violation of Rule 6 of Section 3. Although we expect that social pressures will mitigate most of the abuse, it may be worth considering a more technological solution that protects the privacy of donors from the organizations to which they choose to donate.

7.3. Transactional Integrity

UBP would lose its distinguishing economic benefits if individuals can turn around and trade philanthropy dollars for regular dollars or other assets with material value, hence the need for public policy makers to enforce Rule 7 of Section 3. At the very least, such legal guidelines would deter large public institutions from facilitating this type of trade. Since philanthropy dollars appear to make for a poor black-market commodity, we suspect that this measure alone will be sufficient to preserve the transactional integrity of the system. At smaller scales, there is a fine line between faceless "secondary markets" and the type of one-off personable exchanges described in Section 6. We leave the issue of defining the distinction for future public discussion.

8. EMPIRICAL RESEARCH STRATEGY

Although this work attempts to contextualize UBP in terms of prior research, public policy would require a better understanding of aspects that the literature does not currently address. In this final section, we outline a high-level research strategy to experimentally test the core dynamics of UBP at an actionable scale.

8.1. Methodology

The goal is to model large-scale UBP by redirecting existing flows of philanthropy in a novel participatory grant-making exercise. The general approach is to collect money from donors, give it to undergraduate college students over 6-12 months, and allow them to allocate the funds to local nonprofits of their choosing. Each party in our experiment has a counterpart to large-scale UBP:

- *Donors*: Simulates the government by providing a distant source of money.
- *Local Nonprofits*: Simulates all nonprofits by representing a balanced cross-section of causes.
- *Students*: Simulates the public as a whole.

Students interact on a digital payment app that allows them to send and donate philanthropy dollars, label transactions with a description, read news and events, and establish social-networking connections by "following" and communicating with other users. By integrating these features with a data collection infrastructure, researchers can quantitatively measure the potential effect of UBP on prosocial behavior in a semi-controlled environment. A basic experiment separates students into two groups: one that receives UBP and a control group that does not. To ensure that the control group still has some incentive to use the app, the facilitator should agree to match any freely-given donations up to the UBP amount. The proceeding sections will enumerate some attainable research results in the context of our three hypothesized UBP benefits.

8.2. Individual Empowerment

The first set of measures aim to quantify the effect of UBP on individual students. To prove the hypothesis that philanthropy dollars will promote non-financial individual engagement, researchers can track RSVP commitments to volunteering events and assess activity levels. Qualitative feedback about the events themselves from the nonprofits would help to add context. Researchers could also analyze distributions of student donations according to demographics and social cause categories. Although not a direct measure of empowerment, we might interpret any significant discrepancies with real-world charitable giving patterns [61] as circumstantial evidence some students have been "empowered" to support a particular non-traditional portfolio of social issues.

8.3. Informed Giving

Next, we propose to shed light on the magnitude of information that accompanies each donation. A straightforward measure is to track the time that students spend reading news articles as a proxy for knowledge. Researchers can then cross-correlate data points from groups against the total amount that students donate. Furthermore, they can also quantify the "secondary" effect described in Section 5, that is, the possibility that philanthropy dollars in the UBP group will tend to flow toward more informed students. Consider the following metric:

$$X = \frac{1}{2}\sum_{i=1}^{n}\left|\frac{donations_i}{\sum_{j=1}^{n} donations_j} - \frac{knowledge_i}{\sum_{j=1}^{n} knowledge_j}\right|$$

Here, n is the number of students, $donations_i$ is the final amount donated by student i over the course of the experiment, and $knowledge_i$ is some proxy for student i's knowledge such as total reading time. This metric encodes a normative worldview asserting that each individual should donate proportionally to their knowledge of social issues. $X = 0$ indicates perfect efficacy while $X = 1$ indicates perfect inefficiency — individuals who know absolutely nothing make 100% of the allocation decisions.

The prior result is obtainable through passive data analysis of the most basic pilot program. A more advanced iteration might use A/B testing to study the effect of identifiable victimhood [72] and other non-rational influences in each student group. For instance, domain experts might craft emotional, rational, and hybrid versions of the same new stories for researchers to randomly assign to student groups. We hypothesize that the UBP group would prefer rational solicitations relative to their counterparts in the control group.

8.4. Altruistic Economics

The third, and most elusive, goal is to document activity that conforms to our formulation of an altruistic economy. For this purpose, the most important feature of our setup is the "description" label for peer-to-peer transactions. Careful analysis of these user-provided descriptions, combined with "follow" links, may lend insight into the social context of financial interactions [1]. Depending on the ability to infer transaction context, researchers might be able to gauge the "GDP" and velocity of money of this rudimentary economy.

8.5. Other

Finally, we note that a successful deployment of an ongoing UBP pilot program could also double as a research tool for studying other aspects of the psychology of giving. Such a setup, sustained by private donors, provides a unique platform that promises to be more natural than laboratory testing but more controlled than field experimentation.

9. RELATED WORK

To our knowledge, UBP is the first scheme to formally propose an egalitarian but market-based distribution mechanism in the nonprofit setting as well as the first to explore the implications of philanthropic power as a scalable and transactable currency. However, many of the core motivations draw inspiration from existing concepts. UBP is a subclass of *participatory grant-making*, which describes a broad diversity of mechanisms and organizational philosophies revolving around the mindset that philanthropy should be accountable to all stakeholders [27]. Its counterpart in governance is *participatory budgeting*, a form of citizen-oriented allocation of municipal budgets popularized in Brazil [10]. Although traditional participatory grant-making yields demonstrably distinct outcomes from centralized approaches, recent literature has shed light on certain participant biases that point to opportunities to improve the mechanism [54]. Our proposal differentiates itself from existing schemes through the allocation mechanism. Whereas the latter implements decision-making by collective voting, UBP prescribes an individualistic market-based process. In addition to more precisely reflecting minority preferences, our scheme also enjoys greater scalability since markets can support numerous "buyers" and "sellers" without the need for convoluted hierarchies of representation.

In this sense, UBP closely resembles *percentage philanthropy*, a policy which enables taxpayers to allocate some portion their taxes to a chosen nonprofit organization instead of the state [41]. The "one percent law" in Hungary is one such example [24]. Where UBP differs is in the motivation for our proposal. Notionally, percentage philanthropy implicitly assumes that significant parts of the public might prefer to give their money to charities than to the government. Although this assumption seems valid at first glance, work by Li et al. found that providing citizens with a choice between which causes to fund with their tax dollars is more important than whether the money goes to a nonprofit or government program [50]. UBP uses a similar mechanism to tackle a much different issue: the state of inequality in social influence. By prescribing a flat distribution of philanthropy dollars instead of a percentage of income, our policy aims to replicate the democratizing effect of a per-person vote rather than a mere tax break. Moreover, our formulation of philanthropy dollars as a transactable unit of currency uniquely enables the ability for information to aggregate as described in Section 5.2 and facilitate economic activity as described in Section 6.

In more mainstream discourse, UBP is comparable to three other progressive ideas. First, it is a restricted form of Universal Basic Income (UBI), a concept with a rich history of study that has recently garnered renewed interest. UBI proposes that, in place of welfare, the state should provide a steady sum of money to all adult individuals to cover minimal living expenses [75]. Researchers have analyzed experiments in UBI across several small-scale experiments in such settings as Alaska [30], Finland [47], and Namibia [63]. Secondly, UBP also shares a common ideology with Richard Hasen's "democracy coupons" [34, 19]. Whereas democracy coupons promote egalitarianism in the plutocratic campaign spending process, UBP attempts to do the same for philanthropy. Finally, UBP's charitable unit of currency has similar properties with the concept of time banking, where members of small communities reciprocate labor as measured by time rather than market value [11]. UBP's currency may enable some of the same benefits by promoting community well-being [49] and an individual sense of purpose [64] — but at a potentially much larger scale.

10. CONCLUSION

In this document, we present a conceptual framework for discourse on Universal Basic Philanthropy, a market-based policy to democratize social impact at the national scale. We argue that the modern state of social profit warrants reconsideration of its underlying financial mechanisms. UBP offers theoretical improvements to the existing system through individual empowerment, informed giving, and the creation of a novel class of altruistic economics. Finally, UBP is a readily-testable model that we propose to implement on a local scale to empower students. In conjunction with the work ahead, we hope that this paper will help catalyze mainstream interest in the changing climate of social profit.

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