

# Philanthropy for a Post-Scarcity Economy

## *Creating inclusive free market communities*

By Mark Frazier<sup>1</sup>

A post-scarcity era is approaching – one that will test the present practices of philanthropies, as well as open opportunities for them to make an historic contribution to human flourishing. Competitive markets now offer an expanding array of free and near-free goods and services each year. Yet social strains are growing. New technologies are threatening tens of millions of careers. Inequalities in financial wealth stir anxiety and anger among those whose jobs are at risk. Overstretched governments fear steep declines in tax revenues as ever-cheaper machines displace manufacturing, transport, and service workers, and technologies enable households to reduce their spending on consumer goods. Given profound changes at work in the economy, donors now focused on charitable missions have cause to reframe their purpose. Rather than offer palliatives to an ailing, scarcity-driven economy, they may generate more positive outcomes through new grassroots educational projects on post-scarcity alternatives and actual demonstrations of their value. Philanthropies can use digital resources to spread understanding of a coming era of radical abundance, and reward forward-looking communities that commit land grant endowments and policy reforms to foster an economy of plenitude. Community land trusts or “endowment zones” can be the centerpiece for local demonstrations of asset-based approaches whose value rises as barriers to free goods and services fall. Such initiatives can help the jobless and others facing the losses in the endgame of a scarcity-based economy by vesting them in land value appreciation proportional to market reforms. Examples of broad-based stakeholdings can undo political and academic critiques that free markets inherently widen wealth inequalities and harm vulnerable populations. With the growth of new neighborhood and village level demonstrations of post-scarcity economics, free economic zones and free cities designed for plenitude will likely replicate on a far wider scale. Philanthropies by this means will help humanity’s passage from eras of hardship and suffering caused by scarcities and misrule.

## **I. Introduction**

Alarms over wealth distribution have sounded recently in response to Thomas Piketty’s Capital in the 21<sup>st</sup> Century and to other critics who view capitalism as an inherently unbalanced driver of economic growth. Yet amid disputes over data on disparities in

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financial wealth, an unfolding economic transformation has gone almost unnoticed.

People who live in relatively free market settings are moving into a post-scarcity era. In the new economy, financial wealth is depreciating as a determinant of whether or not one will thrive.

This paper explores opportunities for philanthropies to spread of free goods and services and awaken dormant assets – human and physical – in new free market demonstration areas across the planet. Philanthropies have an opportunity to tap volunteer talent and extend challenge offers of “digital donations” in ways that spur adoption of concentrated policy reforms, expand the capabilities of contractual communities, and awaken land value gains for shared and lasting benefit in a post-scarcity era.

## II. Background

Charities have long sought to relieve suffering and promote wellbeing in societies constricted by scarcities. Before governments took on much of their mission, they independently fostered education for the young, and relief for the poor, the sick and the disabled, and projects to improve the quality of life in their communities. Today their charitable activities operate primarily in adjunct and supporting roles – rather than as alternatives – to the social programs of welfare states.

Continued public sector dominance in provision of services is growing questionable. Public trust is evaporating regarding the efficacy of governmental solutions as failures mount. Decades of growing subsidies have done little to improve outcomes in education, housing, health, and transportation in recent decades. Evidence of cronyism, corruption and ineptitude is rising. Banking regulations and Fed subsidies have backfired, spawning megabanks rather than increasing industry competitiveness. Entitlement programs are heading towards insolvency. Millions of college students burdened by federally-backed student loans find themselves consigned to peonage. Overseas, trillions spent on aid programs and force projections have done little more than feed world-class kleptocracies, prone to crumble as US taxpayer subsidies end. At home and abroad, the exhaustion of public sector solutions is growing more obvious.

With the ebbing of trust in government capabilities at all levels, independent charities will face growing calls to fill the gaps. Yet palliative relief will not stretch far enough to deal with the failures to deliver on the part of overstretched favor-giving regimes.

Systemic, self-funding changes are needed – and civil society is ready to deliver them. In past eras, voluntary associations have lacked tools, funding, and networks to readily sustain their activities. Today, vastly improved capacities for self-help are at hand due to innovations of three kinds.

Social innovations. The following innovations are enabling nongovernmental communities to flourish in the US and overseas:

- *Covenant-based community associations.* Homeowners and condominium associations are spreading. They use automatic membership deed agreements to overcome free rider problems and privately fund amenities, linking neighbors in closer relationships.

- *Contracting out for local services.* Private provision of once-public infrastructure and local service delivery responsibilities is growing. Competitively-chosen providers typically offer higher quality at lower cost than do traditional public sector providers.
- *'Sharing economy' entrepreneurship.* Community residents are filling needs for affordable services by renting rooms and cars via reputation sensitive markets including AirBnb, Lyft, and Uber.
- *Community land trusts.* These common-interest organizations own land and offer beneficial interests to low income residents, enabling them to continue living in their neighborhood as conditions improve and land values rise.
- *Zones of "extrastatecraft."* Areas of experimental policy reform are expanding freedom in thousands of new special economic zones. These are innovating in tax and regulatory relief, transparent approval processes, and de-monopolization of state responsibilities – creating business climates friendly to risk-taking entrepreneurs, investors and innovators regardless of size or political connections.

*Hardware innovations.* Affordable tools are also expanding the capabilities of civil society. Key examples include:

- *Mobile communications.* The price of bandwidth has fallen by more than four orders of magnitude in open markets during recent decades, as satellite, fiber, microwave and wifi advances have broken past limits to connectivity. Affordable cell phones are enabling billions of individuals to easily communicate and access information on cost-saving innovations. Computers can now fit into a thumb drive.
- *Energy.* Once deemed a sideline niche, solar power is becoming a practical option. Prices of solar power are heading to grid parity in many markets– and are expected to keep plunging from there. Dean Kamen's Slingshot waste-to-power and similar breakthroughs for alternative energy are also pending.
- *Housing.* Affordable housing options are growing, where regulatory environments permit. "Tiny house" communities and co-housing arrangements are spreading. In China, the US, and Europe, 3D printers are beginning to upend housing construction, radically reducing labor costs.
- *Healthcare.* Low cost sensors on mobile devices now make possible lab tests and telediagnosics in poor and rich communities. Soon, gene sequencers and "big data" analysis will identify health risks with high confidence, enabling personalized prevention and treatment.
- *Manufacturing* – desktop 3D printers are now available for less than \$500, and are rapidly growing in capabilities. Soon, molecularly-precise manufacturing systems will transform materials fabrication and deliver breakthroughs in medicine.
- *Transportation.* Affordable drones can bring needed medicine and other high value, low weight supplies to once isolated areas. In more densely populated zones, driverless trucks and cars substantially will lower the costs of freight and

passenger travel.

- *Food.* Small plot intensive farming, vertical gardens, automated greenhouses, and similar systems are spreading in urban and suburban areas, as well as in rural communities.

Such innovations in hardware are helping move civilization towards a “zero marginal cost society,” in the words of author Jeremy Rifkin. Advances in nanotechnology hold promise of meet a full range of humanity’s material needs at ever decreasing cost.

Virtual resource innovations. The clearest growth of a post-scarcity economy to date has been in digital realm. Virtual resources are available at low or no cost for all who have open access to the Internet.

- *Free courses.* Thousands of world-class courses are now freely available from Khan Academy, MIT, and other open courseware providers – ranging from kindergarten through post-graduate levels.
- *Advanced telemedicine services.* These include free interpretation of radiology scans (by Tata of India), spectrographic analysis of health hazards, and affordable diagnosis of eye scans and heart rhythms – are made possible through free and low cost health apps and sensor add-ons for cell phones.
- *Reverse auction markets for freelancers.* Online free markets such as Fiverr.com and Freelancer.com offer ten-fold to hundred-fold drops in the cost of globally sourcing research, translation, graphics, and web/software projects.
- *Free software and knowledge repositories.* Volunteers are flooding into social networks and online communities, generating free knowledge resources and developing open source apps that increasingly moot the need for professionals available only to those who could pay.

The rise of lightly regulated, contract-based communities – combined with cheap and capable physical goods and a growing range of free virtual resources – will accelerate moves toward plenitude. Now-struggling areas that move to apply these breakthroughs in systematic ways can make a state jump to a new level – one in which they can break free of predatory governance, and self-provide or access needed goods and services at ever lower cost, and s.

### III. How Philanthropies Can Seed Initiatives for Radical Abundance

At this juncture, donors are approaching a historic choice. They can focus efforts on charity for withering system operating on scarcities and top-down control. Or they can become transformational philanthropies, by helping give birth to an inclusive free market system that leads to global prosperity.

Few regimes now drawing strength from scarcity will welcome moves to a post-scarcity era. For politicians and bureaucrats who profit from constricting choice, moves by their people into an economy plenitude may be perceived as existential threats to their favor-dispensing rule. They face a collapse of their power base and a loss of rent-seeking opportunities, to the degree that affordable DIY/Do It Ourselves innovations reach their citizens. They are likely to spread fear about the transition as paths to post-scarcity economies become clear.

Wrenching changes are also in store for many now employed in the private sector. Classical economic theory has assumed that the price of human labor will be bid up as innovations improve efficiency. Yet the opposite soon may apply.

China's and India's entry in global markets put intense downward pressure on the market clearing price of labor in manufacturing and software/service industries. Imagine, then, the impact upon global employment wages when a new China/India-scale "country" with highly capable workers enters the market *each year*. In this near-future scenario, tens of millions – perhaps billions – of robots and other intelligent machines will increasingly outcompete people. Moreover, they will cost less, rather than more, each year as they are growing in skill. Traditional free market theory never anticipated a trending-toward-free and trending-toward-infinite supply of machine labor.

Insecurities fed by vanishing career paths, expanding joblessness, and fraying social safety nets are already fanning anxiety and anger. In coming years, resentment will spike if public debate is dominated by political demagogues, and the voices of those facing job loss and the loss of governments benefits.

In response, philanthropies can influence public perceptions in favor of inclusive, market-based approaches to spreading prosperity. Actions on three tracks can work toward this end.

#### **Track 1. Promoting grassroots understanding of paths to radical abundance**

##### Offering online curricula on radical abundance

*Courses on understanding the approaching Radical Abundance era.* At present, insights into opportunities for post-scarcity economies – from pioneering technologists and economists such as George Gilder, Nicholas Negroponte, Eric Drexler, Chris Anderson, Peter Diamandis, Douglas Rushkoff, and Jeremy Rifkin – have had limited audiences. Online courses developed with the help of free market philanthropies can expand grassroots awareness of opportunities for plenitude – and of policy and other barriers that can hold back its emergence.

*Courses on applying innovations.* Online courses can also speed understanding of near-term steps toward plenitude that can be taken at personal, household, neighborhood levels. These eLearning courses can help participants assess and adopt useful social, hardware, and digital resource innovations. Scenarios for

moving from early wins to enduring benefits can be highlighted in a range of locations and cultures.

Free courseware of this kind can potentially reach tens of millions, given publicity and outreach to entrepreneurial schools, established virtual learning networks, homeschooling families. Online tests – after Brainbench and MIT/Harvard EdX certification precedents – could help participants confirm their understanding of the opportunities. High performing individuals could access a ladder of further reputation-building opportunities (as described in Track 2 below), including work-study projects that help local or global communities move towards plenitude.

By such means, philanthropies can grow a base of grassroots allies for transformative local – and global – initiatives to help communities demonstrate post-scarcity economies.

## **Track 2. Engaging global talent in the design of solutions**

Policy institutes, online volunteers, and students can help design resources for communities seeking to escape from conditions of poverty and misrule. Philanthropies can offer reputation-building opportunities, and more, for those who create or enhance useful solutions.

### ***Develop toolkits for creating inclusive free market communities***

As Wikipedia's success has shown, global volunteers can prepare well-researched content. An initiative to help communities move towards radical abundance is likely to draw a similarly vibrant response. Downloadable how-to resources can be created on social, technological, and digital resource innovations that lead to an economy of plenitude.

Philanthropies can help launch toolkits with case studies and how-to guidance for communities on:

- Community land trusts
- Covenant-backed homeowners associations
- Contractual partnerships with service providers
- Private land registries
- Alternative dispute resolution systems
- Makerspaces and “fab labs” for 3D printing
- Skills formation (including peer learning and personal learning networks)
- Free economic zones, including model provisions that lift barriers to Airbnb, Uber, and other sharing economy ventures.

Each of these components can help communities find ways to awaken slumbering assets and to thrive in tight times.

Although each module can be applied on a standalone basis, toolkits can highlight synergies among the components. As fiscal strains grow, municipalities are moving to transfer local service responsibilities to automatic membership homeowner associations. Toolkits can include guidelines on how associations can negotiate tax relief for members in proportion to the responsibilities transferred, and enter into efficient and responsible contracting relationships with private sector infrastructure and service partners.

Associations formed by covenants also can be anchors of new Community Land Trusts in distressed areas. The toolkits can provide paths for foreclosed and abandoned properties to be conveyed by municipalities and others in return for commitments by residents to make in-kind improvements that lift the value of the properties).

Residents who rent rather than own their houses can receive stakeholding interests in the Community Land Trusts, proportional to the sustained in-kind contributions they make to neighborhood cleanup/fixup, crime prevention, art/musical festivals, tutoring/mentoring, and other initiatives that lift property values. Appreciating land values, in turn, can be a source of further capital for covenant-backed homeowner associations and inclusive land trusts to expand their self-help capabilities.

### ***Offer work-study opportunities to help communities thrive***

Along with toolkits for creating communities of plenitude, philanthropies can seed opportunities for large numbers of work-study projects – online as well as onsite – to assist communities in implementing projects for radical abundance.

These projects can help students, jobless graduates, laid-off workers, and retirees gain real-world experience and credentials in building a new kind of economy. An online clearinghouse can be created in which communities request specific work-study projects, and volunteers respond. Sample projects may include:

- researching markets
- identifying useful technologies
- helping prepare presentation materials, and
- assisting crowd-funding campaigns for Kickstarter and Indiegogo

Local allies could review offers of work-study help, and select those they deem the best fit. Participants in work-study projects can digitally record milestones of their actual work contributions – creating an alternative to paper resumés that today stack up unheeded.

For compensation, template agreements can include provisions whereby (small) shares in local revenue generating and asset-building projects are reserved for participants in highly-rated work study projects.

For exceptional contributions – work-study projects that create value for multiple projects – philanthropies might support enriched rewards. These could include financial prizes, introductions to investors, and/or assistance in gaining visas or sponsored entry to communities of freedom and plenitude.

## **Cultivating Exceptional Talent**

*A system of attention wagers may help develop talent while easing attention scarcities*

Communities of plenitude stand to worsen scarcities of attention. As people gain greater access to proliferating opportunities, the clamor of claims upon their attention will rise in step. Findings from behavioral economics suggest time-constrained individuals grow unhappy when they feel confronted by too many options.

Philanthropic initiatives to engage vast numbers of volunteers in moving thousands of communities toward plenitude risk creating such a nightmare. The burden of managing small projects and curating information flows would become prohibitively costly. A cost-effective, self-organizing system for managing talent and filtering communication is essential.

A promising approach toward this end may be within reach. Already, in response to torrents of information, people are turning to online trust networks as a means of expanding their abilities to deal with increasingly complex environments. They delegate, informally or otherwise, the task of filtering choices to others who have earned their admiration as being attuned to one's personal, business, or civic preferences.

Philanthropies have an opportunity to spread such networks of trust and collaboration, both in established communities of plenitude that they are assisting, and in potentially far greater pool of individuals interested in helping through online work-study projects or other means.

Philanthropists can support development of an online network that offers reputation-building opportunities for work-study volunteers who offer research, information curating, and other services to communities. In line with highly successful sites that now offer "solution prizes" (e.g. Innocentive.com and XPrize.org), individuals participating in a new Radical Abundance work-study network could bet reputation currencies (each participant could receive a bundle of points upon joining) that their work merits positive attention.

An attention wager system of this kind would reward individuals around the world who prove able to deliver highly attuned, useful nuggets of data or insight on how to expand environments of plenitude, or to assist those who are living in the aspiring communities.

Points earned through successful attention wagers could enable new talent to become globally visible. Consistent winners of attention wagers could earn access to enriched online learning, health care, mentoring, or micro-investments in ventures of their choosing. Philanthropists might also offer individuals with threshold track records of success in work-study projects a path to sponsored visas and jobs in areas of plenitude – free market areas open to immigrants have earned extraordinary reputation.



### **Track 3. Rewarding communities that do most to remove barriers to Radical Abundance**

Donors and volunteers in online groups can use Internet-based philanthropy to sow seeds of radical abundance, directly reaching grassroots allies who want to build inclusive free market communities.

Digital donations – gifts in electronic form – can be offered on a challenge basis to lever self-help agreements, local asset endowments, and policy reforms that create conditions for self-sustaining plenitude.

#### **Offer ascending levels of support**

Initial offers can include eLearning resources on post-scarcity economies, an introductory toolkit, online orientations, and a bundle of free cell phone minutes for local allies who take first steps on the learning curve regarding radical abundance.

Small offerings like these can be affordably extended around the world to individuals and groups interested in free market-based economies of plenitude, with opportunities for further support as recipients grow in knowledge of Radical Abundance opportunities.

For communities that respond with deepening interest and knowledge, philanthropies can follow up with offers microstipends for local online work-study projects to help identify promising entry points for radical abundance, including free market policy reforms and sites for future community land trusts.

Subsequent, enriched challenge offers can be awarded to local allies in proportion to their documented progress (via uploads of new cell phone images and video clips on milestones) in piloting social, hardware, and virtual resource innovations conducive to plenitude. In cases where communities seek to awaken dormant land values, for example, donors can use challenge offers to encourage such actions as:

- *creation of accurate private land registries through* uploading geotagged images or videos of agreed boundaries, along with brief videos of neighbors confirming agreement on the validity of each claim;
- *uploads of video pledges* in which neighborhood residents commit to a specified arbitration process, in the event of future disputes; and/or
- *adoption by landholders of deed covenants* for homeowners associations to ensure ongoing support for community self-help projects.
- *recording of official moves to liberalize business climates* for local and/or global entrepreneurs.

Such local actions can unlock active engagements between local allies and overseas counterparts of their choosing, including policy institutes and global work-study teams. These can help with implementing agreements and with international crowdfunding campaigns that increase the capability of neighborhoods in poor areas to self-provide

needed services, and to begin breaking out of dependency upon public subsidies.

### **Recognize exemplary communities**

The highest level of catalytic philanthropic support can be given in cases where local authorities convey sizable areas as land grant endowments, and introduce full-strength free economic zone policy reforms that can greatly boost the value of community land trust stakeholdings.

Factors influencing the choice areas of areas eligible for the fullest level of philanthropic backing can include:

- *removal of all regulatory constraints impeding access to affordable bandwidth;*
- *exemptions from taxes and Customs duties*
- *introduction of transparent eGovernment systems that speed startup and operating procedures for business and social entrepreneurs;*
- *removal of licensing barriers (including AirBnb, Uber, Lyft and similar sharing economy ventures);*
- *liberalization of visa and work permits (for sponsored immigrants);*

Such actions can attract inflows of private sector investment. Based on precedents of Special Economic Zones in China and world-class free zones in other emerging economies, community land trusts can rise in value 5x to 50x over time.

### **An XPrize for Radical Abundance?**

A new global Xprize competition can encourage communities to adapt and apply asset awakening policy reforms that create conditions for plenitude. An annual award can go to localities that move furthest in piloting world-class reforms to attract private investment and encourage civil society self-help, and vesting poor as beneficiaries. Free market institutes with experience in rating global business climates could help in nominating and reviewing notable local initiatives.

Locations could qualify for a basic level of award by introducing concentrated reforms in (initially small) proving ground areas. To be shortlisted for the highest prize on offer in a given year, communities also would agree to a hold a transparent Hong Kong/Singapore-inspired auction of land leasehold rights for risk-taking investors to build free zones at designated expansion sites.

Market response to such auctions can provide an objective basis for selecting each year's exemplar of reform. To maximize grassroots support for the reform initiatives, proceeds from the lease auction and tenders – as well as the Prize – in each case would flow to each resident of the reforming community, and/or to projects of their choosing. This

#### **IV. Conclusion**

Sailors planted seeds of the world's first free trade zones over 3000 years ago. Phoenician traders left gifts on a beach when arriving at unknown places, and then parked offshore to test the response of prospective partners. If their gift vanished and the beach stayed empty the next morning, the traders would sail on to more rewarding areas. But if local villagers left a gift in return, the Phoenicians would disembark and trade. Over time, as trust deepened, safe havens spread for free trade spread across the Mediterranean.

A kindred strategy today can plant seeds for a global network of free market communities adapted to the economics of plenitude. Catalytic offers can reach communities around the world, inviting them to explore ways of awakening assets and sharing the benefits with all, as living costs plunge and traditional hierarchies and sinecures dissolve.

Areas that respond with interest, land, and policy reform commitments can become partners in with philanthropies in building a network of innovation and entrepreneurship. If we opt to move forward on this voyage, new havens of prosperity can emerge. They can engage local and global talent in awakening assets through free market policy reforms and technology innovations, on a success-sharing basis that can replicate and scale.