

Networking Opportunities: Rediscovering Decentralization in Philanthropy?

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Abstract

Decentralized, non-hierarchical models in the non-profit world have historically taken a back seat to centralization and hierarchy. However, new technological capabilities are bringing a renewed focus on the potential for decentralization in many spheres of activity.

This paper explores how these technology-driven decentralization narratives may apply to philanthropy and civil society. The analysis is placed in the wider context of the theoretical and historical background of the notion of decentralization, to highlight the known strengths and weaknesses of decentralized approaches. Using historical evidence, the paper argues that in the context of philanthropy and civil society the failings of decentralized approaches have driven a long-term trend towards centralization.

The paper then outlines some of the key affordances of current technologies (both established- such as the internet - and nascent – such as artificial intelligence and blockchain) that are claimed to enable greater decentralization; and assesses whether these genuinely address the known limitations of decentralized approaches or will encounter many of the same problems as previous attempts to operate in a decentralized manner.

The hope is that this analysis provides a framework for a more balanced discussion about the relative strengths and weaknesses of centralized and decentralized approaches in philanthropy and civil society, which can inform considerations of the potential impact of technology.

1) Introduction

Technological development is having a profound effect on all aspects of society. Over the last 30 years, the internet has reshaped the ways in which we communicate, interact, learn and work; and now the emergence of new technologies such as Artificial Intelligence (AI), blockchain and Virtual and Augmented Reality (VAR) has accelerated the pace of change, leading many experts to conclude that we are in the midst of a “Fourth Industrial Revolution”. (Schwab, 2017)

The focus so far when it comes to analysis of the potential impact of this Fourth Industrial Revolution on philanthropy and civil society has been primarily on the ways in which technology is enabling us to tackle social and environmental issues — around which an entire new field of “Tech for Good” has emerged (Bughin *et al*, 2019) — and on the ways in which technology can make non-profit operations more efficient and effective through the provision of new tools for fundraising or improvements in the transactional infrastructure for philanthropy. In addition, as awareness of the potential negative impacts and unintended consequences of technology grows, we are also seeing more philanthropic funders and civil society organizations (CSOs) begin to ask what new challenges technological development may bring for the people and communities they exist to serve and what role funders should play in addressing them (Davies, 2017a).

One area that has received less attention so far is how technology will alter philanthropic and civil society governance models. This is despite the fact that the radical transformation of models of governance is an important element within many broader discussions of the impact of technological development. In particular, a strong narrative has emerged around the idea of “decentralized” approaches. For more than a decade a number of authors have made high-profile and bold predictions about the impact that new capabilities to coordinate in networks, without hierarchy, will have on society in coming years (e.g. Benkler, 2006; Shirky, 2008; McAfee & Brynjolfsson, 2017; Heimans & Timms, 2018).

In much of this narrative, “decentralized” itself remains an inexact term (perhaps by design, as discussed further on in this paper). It is used in different ways in different contexts, and often interchangeably with a group of other concepts which overlap but are not synonymous (including: disintermediated, distributed, New Power, networked, non-hierarchical, horizontal, rhizomal). However, a common view among all proponents of decentralization is that one of the transformational impacts of technology is the ability to coordinate effectively without the need for centralized command-and-control or rigid, hierarchical management structures and that this will lead to a far greater emphasis on looser, network-based governance models in future. Shirky (2008) for instance, argues that:

“For most of modern life, our strong talents and desires for group effort have been filtered through relatively rigid institutional structures because of the complexity of managing groups... [But] the old limits of what unmanaged and unpaid groups can do are no longer in operation; the difficulties that kept self-assembled groups from working together are shrinking, meaning that the number and kinds of things groups can get done without financial motivation or oversight are growing.” (pp. 21-22)

Almost all who highlight decentralization as a key technological trend acknowledge that the idea of decentralized approaches is itself not new. There is a long history of non-hierarchical models and networks being employed in a diverse range of contexts (Ferguson, 2017; Schneider, 2019). This may have particular pertinence for nonprofits and civil society, as many of the examples (certainly in more recent times) come in related areas such as social change movements, community organising or global justice networks; which can help to situate current narratives in a relevant historical context.

Yet in most cases decentralized approaches have lost out to centralized, hierarchical approaches. We should caution that our perception here may be skewed partly by an “archival inequality”: since formalized institutions are more likely to have the infrastructure and resources to keep their own records, they are likely to be more apparent to historical researchers than informal and potentially ephemeral networks

that leave little trace of their activities and are often only visible via second hand accounts. Ferguson (2017) advises caution on this point:

“Even today, the majority of academic historians tend to study the kinds of institutions that create and preserve archives, as if those that do not leave an orderly paper trail simply do not count. [But] beware the tyranny of the archives. Often the biggest changes in history are the achievements of thinly documented, informally organized groups of people.” (Preface).

However, the apparent victory of centralized approaches over decentralized ones is not merely a matter of who keeps records. Scholars and critics have identified a range of weaknesses and shortcomings common to decentralized approaches that have limited their potential and more often than not led to a process of centralization (or re-centralization) taking place. (Michels, 1915; Coase, 1937; Freeman, 2013; Tufekci, 2017; Schneider, 2019).

To assess the relevance of current technology-driven narratives of decentralization to philanthropy and civil society, it is necessary first to understand how and why centralization has occurred in this sphere over time. It can be seen to occur in three distinct, but often overlapping ways: centralization of philanthropic transactions, centralization of organizational governance, and centralization of philanthropic systems. Drawing on historical examples of each and relating them to the known limitations of decentralized approaches identified in other contexts can lead us to a clearer picture of what has driven this process of centralization within philanthropy and civil society. The question then is to what extent technology changes the picture. Can it overcome the limitations of decentralized systems or reduce the force of drivers towards centralization? Or will current decentralization narratives eventually encounter the same problems that have been identified time and time again? By framing the question in this way, it is hoped that we can provide a starting point for a more measured assessment of the opportunities and challenges that decentralization could bring for philanthropy and civil society.

2) Theorizing Decentralization

Despite the evident appeal of narratives of decentralization, the concept itself is remarkably hard to pin down with any degree of rigour. It occurs in many different contexts, yet it is not clear that the usage is consistent or that the term can be understood as synonymous across these contexts. Schneider (2019) gives a detailed analysis of the concept of decentralization across a range of different contexts, with reference to its recent re-emergence in technological narratives, and argues that:

“Despite its increasingly frequent use as a self-evident and totalizing concept, efforts to define decentralization have typically been limited to the particular domain at hand - whether, for instance, in the context of political systems or computer networks. People operating in each domain have discovered a lack of consistent usage even among themselves. This, however, has not prevented the concept from motivating collective action and bringing about collective disappointment.” (pp. 13-14).

In part this may be a reflection of the fact that “decentralization” is a term that cannot readily be defined in isolation since it relies on a prior understanding of what is meant by “centralized” to give a reference point for contrast; and the meaning of “centralized” is itself not necessarily clear. However the fuzziness of the concept of “decentralization” may also be entirely deliberate:

“While frequently employed as if it were a technical term, decentralization more reliably appears to operate as a rhetorical strategy that directs attention toward some aspects of a proposed social order and away from others. It is called for far more than it is theorised or consistently defined. This non-specificity has served to draw diverse participants into common political and technological projects....Permanent indeterminacy can hold a legitimating function. It invites newcomers with a claim of openness to what contributions they might bring. It whispers the

occult caveat that the true meanings of our words may be revealed sometime in the future, if we continue putting those words to use.... The indeterminacy of definitions holds out the alluring prospect of eventual resolution.” (p. 4)

In arguments for decentralization, metaphor has often been employed as a key tool to overcome the indeterminacy of the terminology and suggest key aspects of what is intended in the given context. This has tended to focus on a mixture of natural and, latterly, technological imagery. Cumbers, Routledge and Nativel (2008) for instance, note that in contemporary discourses on networks “*Metaphors of ants and birds – swarming in a self-managed but decentred manner, connecting with others in an unregimented and ungoverned fashion – are used to encapsulate the ability of one individual to make contact with any other in the network, independent of organizational or collective influence.*” (p. 186). Others, meanwhile, use the concept of ‘rhizomes’ (Deleuze & Guattari, 1988). Lawley (2013) argues, for instance, that: “*Compared with bureaucratic hierarchies, there now also exist radically-decentred organizations operating globally through cyberspace... the rhizome [is] a metaphor for the expansive, interconnected and structurally-indeterminate nature of organizations as mediated through global, electronic networks*”. (p. 40)

Although we may not be able to provide an exact definition of “decentralized”, such appeals to metaphor help us to identify a family of connected concepts that are often seen as synonymous with various aspects of it. These include: disintermediated, networked, horizontal, non-hierarchical, devolved, and distributed. Before we consider how these terms have been applied in the context of philanthropy and civil society we will first consider how they have been used in other contexts, as this gives valuable insight into some of the drivers and potential challenges for decentralization.

Within political thought, attitudes towards decentralization have often been linked to fundamental views about what drives us as human beings and what a “state of nature” for our society would look like. The Hobbesian view, as outlined in *Leviathan*, is that this state of nature would be a vicious and Darwinian affair, driven by a basic principle of competition (Hobbes, 1980) Those who subscribe to this view tend to accept (to at least some degree) Hobbes’s conclusion that the only way of countering this tendency is via a

communal agreement (for reasons of longer-term self interest) to empower a centralized state that can control society in the necessary ways.

Other political traditions, however, have taken a different view of circumstances. At the opposite end of the spectrum, Anarchist and Libertarian political theorists have long argued that ceding power to a centralized state authority is unnecessary and damaging. Some have sought to base this in a view of fundamental human nature that challenges the consensus of Darwinian evolutionary theory; arguing that cooperation is just as prevalent as competition in nature and this provides the basis for believing that in a 'state of nature' for humanity, mutual aid rather than savagery would prevail. The anarchist thinker Peter Kropotkin was a prominent proponent of this kind of view:

“Kropotkin sharply understood what the consequences of [Hobbes’] arguments would be. They were a strong weapon in the hands of the defenders of a central state and of authoritarian government. If warfare and oppression were accepted as the very essence of human nature, the call for a powerful Hobbesian sovereign authority which enforces peace in society would become plausible. Anyone who, on the other hand, would be able to show that solidarity and mutual aid were the main factors in history, would have a convincing argument with which to renounce a dominant state organization.” (De Geus, 2014, p. 856).

According to Kropotkin the tendency towards centralization was not inevitable, but rather a consequence of political ideology driven by Roman law and the teachings of the church in the interests of consolidating and strengthening the power of the existing ruling classes. Kropotkin (1977) laments that, *“man fell in love with authority [and] the old federalist principles faded away and the very creative genius of the mass died out. The Roman idea was victorious, and in such circumstances the centralized state had in the cities a ready prey.”* (p. 36)

Libertarian thinkers, meanwhile, have criticised centralization in terms of fundamental concerns about the erosion of individual freedom. Nozick (1974) for example, argues for the necessity of resisting centralization of state power on the basis of a conception of

individual natural rights that the formation of such a state cannot help but infringe. He disagrees with what he characterises as the view of “individual anarchism” – that no state, not even a “night watchman” state with extremely limited powers, can be justified – but argues for a conception of a “minimal state” which is sufficient to safeguard rights of person, property, and contract without stifling individual freedom.

Others argue for decentralization from an economic point of view. The Austrian School – which places the motivations and actions of individuals at the heart of its approach to economics – has spawned many critiques of centralized state planning as well as defences of economic liberalism and decentralization. Hayek (2014), for example, argues that:

“There would be no difficulty about efficient control or planning were conditions so simple that a single person or board could effectively survey all the relevant facts. It is only as the factors which have to be taken into account become so numerous that it is impossible to gain a synoptic view of them that decentralization becomes imperative.” (p. 95)

Röpke (1960) meanwhile, gives perhaps the most detailed view of the supposed choice between centralization and decentralization, positioning it as a fundamental dividing line in society:

“Whether our ideal is centralization or decentralization, whether we regard as the primary element in society the individual and small groups or the large community, that is, the state, the nation... these are the questions which ultimately constitute the watershed between all the currents of thought and points of view which we have so far confronted with each other... This is where federalism and local government clash with political centralization. It is here that the friends of the peasantry, the crafts and middle classes, and the small firm and of widely distributed private property and the lovers of nature and of the human scale in all things part company with the advocates of large-scale industry, technical and organizational

rationality, huge associations, and giant cities. This is the moat across which the eternal dialogue goes on.” (pp. 228-229).

Even for those who do not subscribe to the view that our ambition should be a fully-decentralized political or economic system, there has often been a desire to ensure that power and decision-making are pushed down to the lowest possible level within the system. Hence there are many examples of experiments with political devolution around the world, and a large body of literature analysing how effective they have been (e.g. Mookherjee, 2015; White, 2011). These experiments may be driven by a desire to improve the practical efficiency of political systems or public services by placing the locus of decision-making closer to citizens and service users and thus (the theory goes) enhancing responsiveness and accountability. They may also be driven by a desire to give greater power and autonomy to institutions or groups further away from the ‘centre’ of the state in the belief that this will enhance democracy. Often, in practice, we see a blend of these practical and ideological motivations.

Ongoing processes of political devolution in the UK, for instance – resulting in national governments in Scotland and Wales, and more recently in directly-elected mayors in various metropolitan regions around England – can be seen as partly motivated by a desire to make government more effective, but also by a recognition of the desire for a degree of autonomy and sovereignty among individual UK nations and English regions (Curtice & Seyd, 2009; Paun & Macrory, 2019). Devolution need not be kept within the confines of traditional political structures, either. The “Big Society” agenda promoted by the Conservative government under David Cameron between 2010 and 2015 followed a line of Tory thinking that harked back to Edmund Burke’s notion of society as a collection of “little platoons” (Marquand, 2010; Corbett & Walker, 2013), and centred on the idea that power could be devolved down to individual citizens via community groups and voluntary associations that could be empowered to take control of local decision making and public service delivery (Alcock, 2010). More recently, the UK government has renewed its calls for devolution via civil society, advocating for new mechanisms of participatory democracy such as citizen juries in its 2018 Civil Society Strategy (Department for Digital, Culture, Media & Sport & Office for Civil Society, 2018)

In the US, the role of civil society and non-profits has likewise played an important part in the thinking of movements which seek greater political decentralization. Steinberg (1989) outlines the views of the “new federalists”:

“Proponents of the “new federalism” have viewed the substitution of government (and especially federal) solutions with alarm. They worry that centrally imposed solutions take insufficient account of local conditions and preferences, stifling experimentation and innovation. They worry about the potential for corruption and waste when power is centralized. Perhaps more important, they worry about the alienation of the citizenry when social problems are handled in a distant, centralized fashion. (p. 143)

The resulting enthusiasm of these new federalists for nonprofits and philanthropy reflects a broader American political tradition in which, *“The nonprofit sector has long been recognized as a decentralized and pluralistic alternative to government for the provision of vital social services.”* In its most extreme form *“The ideal of perfect decentralization would be reached if competitive for- and nonprofit organizations entirely replaced government at all levels”*, though as Steinberg notes *“no one seems to think this idea is practical”*. (p. 143)

Within civil society itself, decentralization has been most prominent as an idea within social movements; where concepts of being “leaderless”, “non-hierarchical”, or “horizontally-structured” have long been important elements of thinking in areas such as feminism, environmentalism and anti-globalization. Freeman (2013) for instance, notes that, *“During the years in which the women’s liberation movement has been taking shape, a great emphasis has been placed on what are called leaderless, structureless groups as the main – if not the sole – organizational form of the movement”* (p. 231). Such notions of decentralization have also played an important role in resistance movements:

“Resistance movements have adopted decentralization discourses of their own. In struggles for independence from colonizers, Frantz Fanon (2007) called for bottom-up organizing and popular

education in these terms: “We... must decentralize to the utmost”... Afterward, activities seeking alternatives to the corporate and political order adopted the metaphor of the “rhizome”...a structure of interconnected, heterogeneous, subterranean organisms as opposed to the roots-to-branches hierarchy of a tree.” (Schneider, 2019, pp. 8-9).

More recently, interest in decentralized models for social movements has been driven by enthusiasm for the new capabilities afforded by the internet and has tended to centre on the idea of “networks”; so that “*the network has become a key concept in a broad range of debates concerned with globalization and its impact upon political, economic, social and special structures*”. As a result, “*network imagery has also been adopted by activists who are challenging neoliberalism*” to the point where “*for many activists the network has become an important political and cultural ideal*” (Cumbers, Routledge & Nativel, 2008, p. 185). Technology is an important factor here, because “*key to the ‘horizontalist’ perspective on the operation of networks is the internet... [which] is seen as radical and democratic because it enables equal access to information, compared with traditional forms of communication that would have been channelled through key gatekeepers within movements*” (p. 186).

This highlights the broader relevance of technology to narratives of decentralization: not only has it provided fertile ground for imagery and explanatory metaphor, it has also brought the promise of overcoming some of the traditional limitations of decentralized approaches (which we shall explore in more detail later in this paper). The field of cybernetics, for instance, was conceived as far back as 1948 by Norbert Wiener as “*the scientific study of control and communications in the animal and the machine*” (Weiner, 1965). It was then developed and applied by later figures such as Stafford Beer (Beer, 1972).¹ This gave new impetus to anarchist thinking, because the possibility of harnessing automated processes to overcome the necessity for human decision-making and control within complex systems brought with it the promise of making non-hierarchical modes of organizing feasible at scale for the first time (Duda, 2013; Swan, 2018).

¹ Beer was even invited by President Allende of Chile to work on “Project CyberSyn” between 1971 and 1973 – this was an incredibly ambitious effort to implement a fully automated decision-making system for the Chilean economy based on the principle of cybernetics. For more on this remarkable story, see Medina (2011).

Since around the turn of the millennium, *“the metaphor of a decentralized network [has] had an obvious and ubiquitous referent: the Internet. Seeking to build a resource-sharing tool among Pentagon-funded researchers, the Internet’s progenitors followed the “distributed” design that had been proposed by RAND’s Paul Baran in 1964”* (Schneider, 2019, p. 9). This design choice later become something more akin to a religious credo for many of the digital pioneers and “cypherpunks” who shaped the early growth of the internet:

“As best described by John Perry Barlow in his 1996 manifesto “A Declaration of the Independence of Cyberspace,” the Internet was initially perceived as a new world where traditional “legal concepts of property, expression, identity, movement and context [would] not apply.” This world would be populated by “netizens” relying on this decentralized network to organize and govern their own affairs, without interference from centralized authorities.” (De Filippi & Wright, 2018, p. 7).

More recently still, the emergence of blockchain technology and cryptocurrency has brought even greater emphasis on decentralization, to the point where *“in the discourses surrounding blockchain-based crypto-networks, decentralization has come to assume a heightened heft and significance; rather than regarding it merely as a technical characteristic, they treat decentralization as a way of life. They have synthesised decades and even centuries of arguments for decentralized systems, from Adam Smith to Satoshi Nakamoto, into a guiding ideology”* (Schneider, 2019, p. 3). Many blockchain advocates therefore see the technology as a catalyst for a much wider process of decentralization across society and the economy (e.g. Tapscott & Tapscott, 2016; Waters, 2018).

It is clear that the lure of decentralization has long been felt across a range of domains. Let us now turn now to look in more detail at why this has been the case and identify some of the key strengths that have been claimed for decentralized approaches (and conversely, the weaknesses of centralized or hierarchical ones).

3) What drives decentralization?

Despite the indeterminacy (deliberate or otherwise) of terminology in narratives of decentralization, we can identify clear common elements when it comes to the apparent drivers for decentralization in different contexts. The following list is not exhaustive, but indicates key themes.

I. Lack of trust in existing institutions

One of the major motivations for decentralization in many contexts is essentially a negative one: if one believes that existing centralized systems are flawed and that those in control of them are not to be trusted, then the adoption of decentralized models that can bypass these systems has obvious appeal. This lack of trust may be merely pragmatic; reflecting a belief that particular individuals or institutions as they stand at this moment are not trustworthy. In the context of international aid and development, for instance, *“the urge to decentralize has offered the promise of bypassing central governments regarded as corrupt, facilitating private enterprise and foreign investment, and fostering more responsive political and civic institutions through local accountability”* (Schneider, 2019, p.7).

Lack of trust may, however, reflect much more fundamental beliefs that certain kinds of institution inherently cannot be trusted. As has already been noted, ideologies such as Anarchism and Libertarianism have often spawned an interest in decentralization as a way of bypassing existing structures and institutions not simply because they happen not to be trustworthy at this point in time but because it is claimed that they can *never* be trustworthy by virtue of their nature. The State, it is for instance argued, can never be trusted because its purpose is to place unacceptable limits on the freedoms of individuals; so our aim should always be to minimize its ability to do so (Proudhon, 1851). This kind of ideological cynicism about centralized institutions is a key part of many decentralization narratives in the world of technology. It is particularly prominent in the ‘cryptolibertarian’ viewpoint shared by many of the original founders of the

cryptocurrency Bitcoin and continues to be a strong thread of thinking among many adherents of wider blockchain technology (Golumbia, 2016; King, 2018).

II. Overcoming Power Asymmetries

Another concern about existing centralized structures and institutions is that they create asymmetrical power relationships between those at different levels within hierarchies, and between different actors within systems. In some cases, this is linked to the question of trust: if one feels that those in power are not to be trusted, then one is more likely to be concerned about the prospect and thus models that can diminish that power will have appeal. In other cases, however, unbalanced power relationships are thought to be problematic even if those with more power are in fact well-motivated and generally trustworthy - simply as a matter of principle.

Disintermediation and decentralization are seen as tools for redressing some of these imbalances of power. This may be done collaboratively, by getting all parties to operate in a decentralized way so that power is distributed more equitably throughout a system or organization - however, this requires agreement from all parties and may be difficult to achieve, given that it will almost inevitably involve some parties giving up their existing power in order to ensure that other parties can have more. Decentralization may also be used as a tool to address power asymmetries without the need to get all parties on board: either through competition, by creating decentralized or disintermediated alternatives to existing systems in order to put pressure on them to change (as we have seen with the rise of platforms such as Uber, Netflix and Airbnb); or through disruption, by adopting decentralized methods to take on centralized incumbents in more confrontational ways, as in the many examples of insurgent groups using cell structures and other tactics of asymmetric warfare to take on much larger, centralized enemies (Metz, 2007; Frisch, 2012).

III. Anti-fragility and resistance to attack

One strength often attributed to decentralized methods is that they offer greater resistance and resilience in the face of attack or failure (a characteristic sometimes labelled “antifragility” (Taleb, 2012)). This has long been recognized by insurgent organizations, who adopt ‘leaderless’ or ‘cell structures’ to ensure that even if some members are captured by the authorities, it does not compromise the organization as whole because each sub-unit is independent and unaware of the activities of others (Joose, 2007; Michael, 2012; Southern Poverty Law Center, 2015). Resistance to attack is also an important consideration when designing technological systems, and has thus driven a lot of focus on decentralization in that context. The creators of the internet, for instance, followed the ‘distributed’ vision of RAND researcher Paul Baran, which entailed “*multiply redundant communications systems without central points of failure that could remain resilient under nuclear attack*” (Baran, 1964). More recently advocates of blockchain argue that the distributed nature of the ledger technology makes it more resistant to attack than traditional forms of digital record-keeping. Schneider (2019) recounts the views of the Ethereum blockchain founder Vitalik Buterin, arguing that: “*For Buterin the various forms of decentralization can make systems more resistant to breakdowns by fault, attack or collusion. In contrast, typical online platforms that are centrally controlled by a particular company present a single, vulnerable point of failure. If Google the company is somehow compromised, so may be its entire network*” (p. 18).

IV. Improving Efficiency

Many of the arguments in favour of decentralization rest to some degree on ideological beliefs in the importance of liberty or the illegitimacy of centralized authorities. However, this need not always be the case: some would argue on more pragmatic grounds that decentralization is desirable simply because it brings greater efficiency. This may seem counterintuitive, given that one of the strongest arguments used to justify centralization and hierarchical structures (as we shall see) is that they are necessary in order to overcome the inherent inefficiencies of decentralized and non-hierarchical approaches when it comes to things like decision making and communication. However,

some take issue with these arguments (e.g. Blaug, 2009), and counter that centralized approaches are equally inefficient in their own ways. These counter-arguments tend to concentrate on three main areas: reduction of transaction costs, incentives for participation and the ability to input knowledge and ideas. So, for its advocates:

“Decentralization represents a range of perceived benefits from across economic, political, biological and computational domains. It means transferring control over complex systems from constrained human minds and institutions to high-bandwidth, self-regulating interactions. It means eliminating gatekeepers, enabling more widespread access to systems and more efficient, meritocratic incentives within them. The evangelists expect this will result in freedoms and efficiencies unavailable to bureaucracies of old.”

(Schneider, 2019, p. 13).

The most straightforward argument is reduction of transaction costs. By offering the ability to disintermediate, and thereby “cut out the middleman”, a lot of the cost associated with complex systems and value chains containing multiple actors can be reduced or removed, it is argued. This is an argument given in favour of new platform approaches across a wide range of areas (e.g. Cai, 2018; Roeck et al, 2019), and has also put forward as part of the rationale for using blockchain technology in fields such as international development (Reinsberg, 2019). There are also new capabilities for automation, which it is argued can be applied within decentralized systems to create far greater efficiency. Blockchain technology enables the creation of “smart contracts”, which automate the execution of actions when defined criteria are met (De Filippi & Wright, 2018). Within the fields of robotics and artificial intelligence, meanwhile, Robotic Process Automation allows many repetitive tasks to be undertaken by machines rather than humans (Van der Aalst et al, 2018), while more complex approaches such as Machine Learning have opened up the possibility of automating not just manual tasks, but also more sophisticated knowledge-based tasks that no long ago would have been assumed to require human involvement (Frey & Osborne, 2017).

More sophisticated arguments in favour of the efficiency of decentralized systems rely on the idea of incentives for participation. The key argument here is that hierarchical

structures stifle individual autonomy: so people only work because it is required of them (rather than because they want to) and only do what they are ordered to do (rather than having the capacity to use their own initiative), and this results in people being less effective and productive than they might otherwise be. This was one of Kropotkin's key arguments for decentralization in his vision of anarchism, as he believed that, *"hierarchical authority produces conformity and obedience among leads to a loss of taking initiatives and to mental slavery. People will start to behave themselves as mere 'servants' and will degenerate intellectually, artistically and morally. They will stop using their full capacities and will lose their autonomy and decisiveness"* (De Geus, 1989, p. 866). In non-hierarchical structures, by contrast, it is argued that people can be given far greater freedom and autonomy, and this will result in them becoming more engaged and contributing far more overall. Winthrop (1967), for instance, highlights the fact that, *"decentralization... is a type of coordination of social activity that eschews as motives for social cooperation, integration and cohesiveness, the current emphasis on top-down direction, standard rules and extrinsic rewards like salary and status,"* and claims that *"industrial psychologists have found that a decentralist emphasis at work results in greater productivity and greater satisfaction"* (p. 360).

Whether or not one buys the argument that autonomy will automatically lead to increased engagement and effort depends once more on the view one takes of basic nature. If one takes a rather dim Hobbesian view of the state of nature as "red in tooth and claw" and that we are only driven by competition, one might conclude that freeing people from hierarchical authority will result in them doing nothing, rather than doing more. If, however, one takes a more positive view that our fundamental nature is guided more by altruism and cooperation, then one is more likely to conclude that if people are given greater freedom they will blossom.

It is worth noting that arguments in favour of decentralization need not rely solely on a belief in human nature being fundamentally altruistic. Even those who do not take quite such a utopian view may conclude that decentralized approaches are preferable - not because they automatically result in greater incentives for participants, but rather because they allow for the creation of new, meritocratic incentive structures that are more effective than traditional mechanisms of hierarchical authority and financial reward. Many projects looking to use blockchain technology for new models of

decentralized governance, for instance, focus on combining the principles of mechanism design and the ability that blockchain affords to generate cryptographic “tokens” that can be imbued with a wide range of characteristics (from the tangible to the wholly intangible) to create new incentive structures for participants that go far beyond traditional financial rewards. This has given rise to a whole new field of “crypto-economics” or “tokenomics” (Buterin, 2017; Thorp, 2015).

When it comes to incentivising participation, it is worth parsing what we mean by “participation” slightly further. In particular, we should note the specific case where participation consists of contributing knowledge or ideas (rather than simply executing pre-agreed actions), as this is often given as a separate argument in favour of decentralization. Centralized, hierarchical systems, it is argued, put too much decision-making power in the hands of too few, and as a result fail to tap into the potentially far richer pool of knowledge that could be found across all participants in a system. According to Kropotkin, for instance, *“in production there arise daily thousands of difficulties which no government can solve or foresee... Only the efforts of thousands of intelligences working on the problems can cooperate in the development of a new social system and find the best solutions for the thousands of local needs”* (Kropotkin, 1970). And even where the requisite expertise and knowledge is present within a centralized system, this can result in further imbalances of power if it becomes the basis for technical ‘fiefdoms’ to emerge, where people hoard and jealously guard access to technical expertise. Decentralized systems, it is argued, can overcome these deficiencies by democratizing the ability for participants to contribute expertise and ideas.

This belief that decentralized approaches can produce more effective incentives to participate and that they can bring to light knowledge and ideas that would otherwise remain hidden is at the heart of the Open Source movement that continues to drive a great deal of innovation and development on the internet (Tufecki, 2019). They have also been brought back to popular attention recently by Heimans and Timms (2018) with their concept of ‘New Power’. These authors argue that new forms of power have emerged in recent years (which are largely, although not entirely, decentralized and non-hierarchical), and cite a range of examples of ways in which, it is argued, they are being used to create greater participation and to drive innovation.

4) The Limits of Decentralization

We have identified a range of arguments in favour of decentralization, yet it remains the case that decentralized approaches are the exception rather than the norm. Hence it is clear that there must also be downsides that have limited their adoption. Let us now consider briefly a few of the main criticisms of decentralized approaches that are common across different contexts.

I. Transactional Inefficiency

One of the main practical criticisms of decentralization (and, conversely, in favour of centralization) is that making transactions within a decentralized system is inefficient or costly, and organization into centralized, hierarchical structures can bring these costs down. In his landmark paper “The Nature of the Firm”, the economist Ronald Coase addressed the question of why so much economic activity takes place within the large and often bureaucratic structures we call companies rather than between individuals transacting in a ‘pure’ market (Coase, 1937). He concluded that while markets are highly efficient mechanisms in some regards and often have low *production* costs, *co-ordination* costs within them tend to remain high e.g. the cost of negotiation, the cost of price discovery, the cost of creating and monitoring contracts. Forming hierarchical organizations can help to reduce these costs by making communication and coordination easier, thus creating a powerful economic incentive towards centralization.

II. Recentralization: The Iron Law of Oligarchy and the Tyranny of Structurelessness

One pervasive criticism of decentralization is that it is illusory; because all seemingly decentralized structures are in fact nothing of the sort. One version of this criticism allows that structures may be decentralized at the start, but argues that over time they inevitably tend towards centralization, as a small number of individuals come to have control over the system as a whole. This was characterized by Michels (1915) as the “Iron

Law of Oligarchy”. He argued that “*The democracy has an inherent preference for the authoritarian solution of important questions*” and that as such “*the eternal struggles between aristocracy and democracy of which we read in history have never been anything more than struggles between an old minority, defending its actual predominance, and a new and ambitious minority, intent upon the conquest of power, desiring either to fuse with the former or to dethrone and replace it*” (p. 377). This point was not newly made, and can be seen in various places such as Weber’s earlier work on bureaucracy (Waters & Waters, 2015) or in the writings of de Tocqueville, who argued in his analysis of the pattern of revolution in France that there was “*in the beginning, invariably, a push towards decentralization... in the end, an extension of centralization... In sum the last word always remains with centralization which, to be honest, increases in depth at the same time it diminishes in appearance*” (quoted in Schmidt, 2007). A version of the Iron Law even came to wider popular attention with the publication of George Orwell’s *Animal Farm* and its famous dictum that: “*All animals are equal, but some animals are more equal than others*” (Orwell, 2008).

The Iron Law of Oligarchy continues to be a concern in many modern contexts. In relation to social change movements, for instance, it has been noted that “*a great deal of literature suggests that the iron law is a common outcome, and reviews of the literature have concluded that the iron law is the typical trajectory of social movement organizations*” (Osterman, 2006, p. 624). In the field of technology, meanwhile, many have fears about creeping centralization of power: “*The underlying protocols for the Internet and the Web owe their benefits and health to their decentralized architectures, yet they have become infected with centralized pathogens, such as government censorship and monopolistic corporations predicated on user surveillance.*” (Schneider, 2019, p. 3).

A slightly different criticism contends that rather than a process of ‘recentralization’ occurring in decentralized systems, we are mistaken to have thought they were ever truly decentralized at all – rather “*the center never departed in so many cases where we hear the cry of decentralization- it only shifted and took time for proper reconstitution. The shift was not noticed because people were too busy speaking of decentralization*” (Schneider, 2019, p. 26). This idea is a central pillar of Freeman (2013) which argues that:

“The idea [of structurelessness] becomes a smokescreen for the strong or the lucky to establish unquestioned hegemony over others. This hegemony can be so easily established because the idea of “structurelessness” does not prevent the formation of informal structures, only formal ones... Thus structurelessness becomes a way of masking power, and is usually most strongly advocated by those who are the most powerful” (p. 232).

III. More talk, less action

Another criticism of decentralized group structures is that whilst they may be good when it comes to discussing issues and bringing multiple viewpoints to the table, they are far less effective when it comes to taking coordinated, sustained action to achieve shared goals. As Freeman (2013) argues:

“Structurelessness lends itself well to consciousness-raising, but problems may come when there is a transition to seeking action. The Feminist movement “early defined its main goal, and its main method, as consciousness-raising, and the ‘structureless’ rap group was an excellent means to this end. The looseness and informality of it encouraged participation in discussion, and its often supportive atmosphere elicited personal insight. If nothing more concrete than personal insight ever resulted from these groups, that did not much matter, because their purpose did not really extend beyond this” (p. 231).

When the time does come for action decentralized groups may struggle; because whilst they can effectively engage in short-term tactical activities, they are far less well-suited to longer-term strategic action:

“The more unstructured a movement is, the less control it has over the directions in which it develops and the political actions in which

it engages. This does not mean that its ideas do not spread... But diffusion of ideas does not mean they are implemented; it only means they are talked about. Insofar as they can be applied individually they may be acted on; insofar as they require coordinated political power to be implemented, they will not be.”
(Freeman, 2013, p. 242)

Similarly, Tufekci (2017) notes in the context of modern digital protest movements that “*the lack of decision-making structures, mechanisms for collective action, and norms... often results in a **tactical freeze** in which these new movements are unable to develop and agree on new paths to take*” (p. 77).

Some may feel this is a price worth paying. Among those involved in some protest movements in the Middle East as part of the wider Arab Spring, for instance, “*there was a widespread belief that the lack of leaders empowered to make decisions for the group was a positive feature*” (Tufekci, 2017, p. 99). Likewise, key figures behind the more recent Extinction Rebellion movement argue that “*while it is possible to build activism with a centralized ‘strategy’, it is not possible to build a mass movement that way. People act on what they believe in. If the strategy deviates from their perspective even a small amount, they tend to lose motivation and fall away from the movement.*” (Extinction Rebellion, 2019, p. 108). The challenge for any decentralized group is to balance the benefits that come from giving everyone a sense of ownership over the group and its strategy with the desire for effectiveness when it comes to taking action.

IV. Decision making and accountability

A large part of the problem for decentralized groups when it comes to moving from talk to action is often the lack of appropriate decision-making mechanisms. However, even where there are mechanisms that make decision-making possible this can be problematic; particularly if there is not also clear accountability for those decisions and mechanisms that allow them to be challenged. Freeman (2013) highlights this problem, arguing that “*if the movement continues to deliberately not select who shall exercise power, it does not thereby abolish power. All it does is abdicate the right to demand*

that those who do exercise power and influence be responsible for it” (p. 162). This is taken as an argument in favour of some degree of formal structure, on the basis that it “make[s] available some means of attacking [decisions] if the people involved are not at least responsible to the needs of the group at large” (p. 233).

The lack of redress when decisions have been taken has become a central issue in some areas of technology. MacAfee and Brynjolfsson (2017) outline the particular challenges in the world of blockchain and cryptocurrency, where:

“The blockchain was designed from the start to be as decentralized and uncontrollable as possible; it was meant to be the ultimate antihierarchy. But then, what recourse is available to its enthusiasts if it evolves in a direction they don’t like – if, for example, it begins to operate more and more behind the great firewall of China? This is in many ways the opposite of the original vision for the cryptocurrency and distributed ledger. But it’s also virtually impossible for the original Bitcoin enthusiasts to change or undo.” (p. 317).

The example of blockchain starkly highlights the fact that the freedom from top-down control which many advocates of decentralized governance seek may come at the cost of the ability to challenge decisions or hold anyone to account if a group develops in a way that not all members are happy with. New mechanisms may need to be developed to reintroduce some form of accountability; but the danger is that doing so could reintroduces the risk of a tyranny of the majority emerging and thereby undermining a large part of the basis for decentralization in the first place.

V. Communication within a decentralized group

A specific challenge when it comes to the coordination required for setting and maintaining a longer-term strategy is communication. In order to ensure that all members of a group agree on priorities and know what their role within the group is at any given time, it is necessary to have lines of communication connecting all participants. Historically this was a major challenge for decentralized groups, as effective

communication generally either entailed a degree of centralization – with one member or a group of members acting as an ‘exchange’ between others – or placed strict limits on the size of the group. Freeman (2013) states that one of the conditions for structureless groups to act effectively is that: *“Information must be passed on to everyone, opinions checked, work divided up, and participation assured in the relevant decisions. This is only possible if the group is small and people practically live together for the most crucial phases of the task”* (p. 240).

This is one area in which advances in technology have definitely helped to reduce the scale of the challenge. In the case of social movements, *“the internet is seen as radical and democratic because it enables equal access to information, compared with traditional forms of communication that would have been channelled through key gatekeepers within the movement”* (Cumbers, Routledge & Nativel, 2008 p. 187). Tufekci (2017) likewise contends that, *“the whole public sphere, as well as the way whole way movements operate, has been reconfigured by digital technologies... thanks [to them], ordinary people have new means of broadcasting – the potential to reach millions of people at once. We also have methods of interpersonal communication that can easily connect many people who are not in the same physical space, or even people who do not know each other at all”* (p. 6).

VI. External Communication by a Decentralized Group

We have seen that communicating effectively within a decentralized group can be problematic. However, when it comes to moving from talk to action the group also needs to be able to communicate externally; and this brings its own challenges. In most cases in order to make external communication possible it is necessary to have a spokesperson of some kind, because *“we live in a society which expects political groups to make decisions and to select people to articulate those decisions to them public at large”* (Freeman, 2013, p. 237). This is problematic for leaderless groups: who are these spokespeople? How are they chosen? With what authority do they speak for the group?

Given these challenges, decentralized groups may choose not to have spokespeople at all. However, this choice might not be theirs to make, as the media and others can simply

anoint certain individuals as spokespeople. In the Feminist movement of the 1970s, a small number of women who had an already-high profile for a variety of reasons became the movement's "stars" in the eyes of media – even if this did not reflect any particular claim to authority or to represent the movement as a whole – because “[when] there are no official spokespeople nor any decision-making body that the press can query when it wants to know the movement’s position on a subject, these women are perceived as the spokespeople. Thus, whether they want to or not, whether the movement likes it or not, women of public note are put in the role of spokespeople by default.” As a result: “The movement has no control in the selection of its representatives to the public as long as it believes that it should have no representatives at all” (Freeman, 2013, p. 238).

This problem may be even worse in our modern digital era. Tufekci (2017) argues that, “social media add new twists to the problems of lack of formal organization and leadership, especially because of novel dynamics of the online “attention economy” – the struggle to get the most likes, views or other endorsements on social media – that create *de facto* spokespersons” (Tufekci, 2017, p. 79). If a decentralized digital movement does not appoint any spokespeople, the chances are that the media will simply look for the most compelling person on Twitter who can be identified as part of the movement and position them as a voice for the group as a whole. The potential problem here is that the attention economy creates perverse incentives which “reward quarrelsome or even extreme behaviour...attention getters, stunts and spectacles” (Tufekci, 2017, p. 271). Thus the individuals who come to the forefront may be very far from those the movement would choose for itself.

VII. Exclusion and Participation

We have seen that the democratization of participation and the ability to contribute knowledge and ideas is argued to be a strength of decentralized groups. However, some critics argue that decentralization merely results in a different kind of exclusion. Freeman (2013) notes that “If one works full time or has a similar major commitment, it is usually impossible to join [the movement] simply because there are not enough hours left to go to all the meetings and cultivate the personal relationships necessary to have a voice in the decision-making” (Freeman, 2013, p. 237). Even in modern protest

movements, according to Tufekci (2017) “*There are structural biases. People without jobs tend to be overrepresented.*” Furthermore, “*voluntary public speaking as a mode of decision making is another impediment to participation because people willing to speak up, especially in a challenging way in public, tend to be from privileged backgrounds, people who already like to wield authority and power, and... mostly men. Extroverted, assertive and even aggressive people have an advantage, as do those who are used to being in decision-making positions*” (p. 100). Hence, “*formal structures of decision-making are a boon to the overworked person. Having an established process for decision-making ensures that everyone can participate in it to some extent*” (Freeman, 2013, p. 237).

In a modern context it may not always be physical presence that determines the degree to which one is able to participate in a group, but rather one’s relationship to the digital platforms on which the group is built: i.e. can you access the platform, what aptitude do you have for using it, and do you have any control over how it is run? Heimans and Timms (2018) claim that the growth of platform-based, decentralized communities reflects a form of “new power”. In these ‘new power communities’ there are three key types of actors: “participants”, “super-participants” and “platform owners/stewards”; all defined by the type and degree of their participation in the group. Super-participants are “*the most active contributors to the platform, and often those who create the core assets that power the platform and create its value*”, and who accordingly “*are some of the most influential voices within a new power community*” (p. 88).

The fact that participation in this new digital context is framed in terms of the *platform* rather than the group is telling. It may no longer be the case that direct participation in a group is the main determinant of one’s status and influence within that group: the introduction of platform owners and stewards as part of a tripartite relationship means that one’s ability to determine the rules that govern the underlying platform on which a group operates is equally important. And this may bring new challenges, because it is not clear that the interests and values of participants in the group and those of the platform owners or stewards will necessarily be aligned. In some cases, the group and the platform may be essentially the same: e.g. the Wikipedia community, where the platform has been built for a specific purpose that is also the purpose of the community existing around it, so there is a clear alignment among all stakeholders. However in

other cases where a more general platform such as Facebook or WhatsApp is being used to form a group, that group will be only one of many that exist on the platform and there is little reason to suppose that the interests of its members and those of the platform owners are aligned. This may result in conflict, and is likely to highlight new power imbalances between digital platforms and the groups built upon them that will have a major bearing on civil society in coming years.

5) Centralization in Philanthropy & Civil Society

The historical lineage and theoretical underpinnings of the idea of decentralization, as well as some of the strengths and weaknesses that have been claimed for decentralized groups across a range of fields, have been explored so far. Let us now turn to philanthropy and civil society, and consider the way in which decentralization narratives and the issues they raise relate to this context.² We will do so primarily by considering the inverse: i.e. how and why philanthropy and civil society have become centralized over time.

In very broad terms, the story goes as follows: the starting point (which we might call the “philanthropic state of nature”) is that charitable giving was largely decentralized; consisting of a mass of uncoordinated individual acts of direct, person-to-person almsgiving (with only the limited mediation of the church at a local level bringing any degree of structure). Then, over hundreds of years, a slow process of centralization took place as the limitations of this unrefined version of philanthropy became apparent and new elements of structure were introduced in response. This led to the development of a charitable or nonprofit sector in which centralized and hierarchical organizations are the norm. Then, beginning in the latter half of the 20th century, some began to question whether these trends could be reversed, and an intentional process of decentralization

² The focus here is on Western philanthropy, and in particular the United Kingdom and United State of America. The question of how centralization may have played out historically in other contexts is one that would be extremely interesting to consider but is outside the scope of this paper.

and removal of hierarchies undertaken. More recently these efforts have been given new impetus by technological developments which claim to reduce or even remove the traditional limitations of decentralized models.

To understand the context for decentralization in philanthropy and civil society better, we need to explore the following questions:

- How and why has philanthropy become centralized over time?
- What new affordances of technology might enable philanthropy to be “re-decentralized”?³
- Do these affordances genuinely overcome the known challenges?

First, let us consider the ways in which philanthropy has become centralized and what some of the historical drivers have been. We can determine at least three dimensions to this centralization that can help to structure our analysis:

- Centralization of philanthropic transactions
- Centralization of charitable systems or marketplaces
- Centralization of governance structures for philanthropic organizations

I. Centralization of Philanthropic Transactions

It has already been noted that before the advent of modern philanthropy in the UK at the time of the Reformation, giving was largely decentralized; consisting of individual acts of person-to-person almsgiving taking place at a local level (Davies, 2016a). The real change came with the start of the Industrial Revolution and the ensuing shift of the population towards urban areas, as this had a major impact on both the nature and scale of poverty.

To illustrate the scale and pace of urban growth, consider the example of Liverpool: in 1700, it was a small seaside town with a population of 4,240 and around a dozen ships; yet by 1841 it was a major international port city, whose population had increased fifty-

³ Affordances are “the functional and relational aspects, which frame, while not determining, the possibilities for agentic action in relation to an object”. Hutchby (2003). The affordances of a particular piece of technology, broadly speaking therefore, are the range of possible tasks or actions it enables.

fold (to 223,000) and with a shipping list of over 4,000 vessels (Simey, 1992, p. 7). The nature of poverty in these rapidly-growing urban areas was also significantly different: population density was far higher than it had ever been in urban areas, bringing overcrowding and making sickness and ill health rife. Furthermore, during periods of unemployment (which were common in many industries where the availability of jobs varied enormously depending on external factors of supply and demand) people did not have the option of eking out their subsistence on the land, which had been available to them in the countryside, so hunger and starvation were often major challenges (Prochaska, 1990). It is not surprising, therefore, that the existing mechanisms for providing social welfare came up short. Simey (1992) makes this point vividly:

“Such codes of social or moral decency as they might previously have known hardly survived transplanting, and the restraints normally exercised by regard for public opinion did not exist in that polyglot community. The lack of employment for the young or for women... resulted in idleness, which poverty and ignorance directed into habits of delinquency and brawling... Meanwhile, the whole burden of cementing into a social entity this medley of people fell upon the religious bodies, who were no more familiar than anyone else with the technique of building and urban industrial community... [but] the churches and chapels were not able to repeat outside their own four walls the success which marked their work amongst their immediate membership. The old parochial system centring on an established church was not applicable to the masses of a raw town.”
(pp. 10-16).

Owen is likewise clear that, *“to translate the person-to-person charity from the village or the small town to an urban slum seemed, and indeed was, an impossible hope”* (Owen, 1964, p. 138), and that *“those who sought to improve the lot of their fellows faced a situation in which some of their traditional methods came to seem grossly inadequate, if not actually mischievous* (pp. 91-92). Prochaska (1988) meanwhile argues that *“casual almsgiving and the visits of vicars and lady bountifuls [had] helped to ameliorate poverty and distress in pre-industrial England... [but] they were*

inadequate to deal with the changing conditions... in the rapidly growing cities, knowledge of hardship was not so easy to come by” (p. 22).

To address the challenges of philanthropic giving in these new urban environments, donors began to look for ways of centralizing and pooling their resources so that both the assessment of needs and the distribution of charitable resources could be made more efficient and effective. At first this was done relatively informally, often by seeking out individuals who had already proven themselves particularly skilled at the task for advice or practical assistance. The merchant Thomas Firmin, for example, was so famed in 17th century London for his knowledge of the needs of the city’s poor and his prudent and discriminating approach to helping that that many other wealthy individuals sought him out as an intermediary for their philanthropic giving. As a result, according to Owen, he became “*a kind of one-man council of social service*” (Owen, 1964, p17). Firmin’s contemporary biographer even dubbed him “*the Almoner General for the Poor*” in recognition of the role he played in managing the giving of others (Cornish, 1791).

Many donors came to appreciate the value of centralizing philanthropic transactions in order to get better information and more effective mechanisms for making choices about where and how to give:

“In practice, Firmin was often a one-man clearing-house of charitable projects as a pioneer associator. Yet his ability to persuade individual private citizens to part with their money on the guarantee that it would be applied to the relief of distress by a competent, informed and personally concerned intermediary was an indication of potential demand for specialist services waiting to be released across a growing segment of the propertied urban population of the early eighteenth century.” (Roberts, 1998, p. 68).

However, before long these informal efforts were insufficient to deal with the scale of demand, so a more considered process of centralization took place and more formal structures began to emerge. As a result, “*a new form of inter vivos charity developed... That was “associated philanthropy”: the funding of charitable activity by*

subscriptions from a large number of benefactors” (Slack, 1995, p. 42). Thus, for the first time, we see the emergence of the basic model of a ‘charitable organization’ that has formed the bedrock of philanthropy ever since. This mirrored developments in the commercial sphere at the same time, where individual merchants were discovering the merits of taking a collective approach and creating new formal structures to enable them to pool resources effectively. As Morris (1990) notes, *“The model of [voluntary] association here was that of the joint stock company. It was to appear again and again for items of social capital which varied from public baths to botanical and zoological gardens”* (p. 406).

This phenomenon may not have been altogether novel – some historians have, for instance, pointed out that *“voluntary contributions and associative charity characterised much state and church welfare provision, and had done for centuries.”* But because they were being created outside the auspices of the Church, *“the relatively free-floating, minimally religious, contribution-dependent charitable societies which proliferated in England during the eighteenth century and began to flourish on the continent from the 1780s were... hailed by contemporaries as something new, a new social phenomenon, manifestations of a new “associative spirit”* (Innes, 1998, p. 37). Whether new or not, his centralized approach to philanthropy slowly became more popular throughout the 18th century, until eventually *“the nineteenth century saw the charitable organization come to full, indeed almost rankly luxuriant, bloom.”* (Owen, 1964, p. 92).

A similar narrative of centralization and organization can be identified in the US context. In 1915, for instance, the editor of *Harper’s Weekly*, Norman Hapgood, introduced an exchange of views on modern philanthropy between himself and the noted Chicago businessman and philanthropist Julius Rosenwald with the following account of the evolution of charity:

“Once charity was personal... giving a cent to a beggar, visiting the needy in the neighbourhood, being personally open to individual appeal, exhausted the prevailing conceptions of help for the suffering... But when man began to organise society on a far more complex basis he found hand-to-hand charity insufficient. He had

harnessed steam. He had invented machines, forces of nature, to do his work. Organization was everywhere. Organization came into charity... With organization came investigation. Earnest, efficient citizens supported it, because they believed it was scientific, effective, and they desired knowledge and brains as well as hearth-throb behind their efforts.” (Quoted in Dobkin Hall, 2002, p. 167)

It is worth making explicit the point alluded to in this quote: that whilst a desire to make the distribution of charitable funds more efficient through economies of scale may have been part of the impetus for the phenomenon of centralization, it is almost certainly the case that an even bigger driver was the desire among donors to ensure that their giving was well-directed. The perceived evil of ‘indiscriminate charity’ had long been a source of concern to donors, who worried about the deleterious effects on society of giving to the ‘undeserving’ poor and thus removing any incentive to ‘better themselves’. Many believed this would result in dependency and eventual breakdown of the social order - De Tocqueville (1835), for example, argued that:

“Man, like all socially organised beings, has a natural passion for idleness. There are, however, two incentives to work: the need to live and the desire to improve the conditions of life. Experience has proven that the majority of men can be sufficiently motivated to work only by the first of these incentives. The second is only effective with a small minority. Well, a charitable institution indiscriminately open to all those in need, or a law which gives all the poor a right to public aid, whatever the origin of their poverty, weakens or destroys the first stimulant and leaves only the second intact. The English peasant, like the Spanish peasant, if he does not feel the deep desire to better the position into which he has been born, and to raise himself out of his misery (a feeble desire which is easily crushed in the majority of men) – the peasant of both countries, I maintain, has no interest in working, or, if he works, has no interest in saving. He therefore remains idle or thoughtlessly squanders the fruits of his labours.” (pp. 27-28).

Such concerns led to extreme measures in some cases: in Hamburg, for instance, The Relief Ordinance of 1788 went so far as to make indiscriminate almsgiving illegal and those found guilty could be punished with a fine (Lindemann, 1990). Things never got quite this serious in the UK or the US, but criticism of indiscriminate charity was still hugely pervasive throughout the 18th and 19th centuries, with critics claiming that it was “*equivalent to breaking into a poor box or taking a loaf from the hand of a famishing child*” (Kidd, 1984, p. 51), and that “*if you will somehow contrive to handcuff the indiscriminate alms-giver, I will promise you, for reason I could assign, these inevitable consequences: no destitution, lessened poor rates, prisons emptier, fewer gin shops, less crowded mad houses, sure signs of under-population and an England worth living in*” (Dr Guy, quoted in Stedman Jones, 1984, p. 245). As a result, “*The claim to be able to resolve the dilemma of the culturally sensitised yet apprehensive giver – a giver afraid of wasting resources on the relief of less needy (and often deceitful) supplicants – was to be a mainstay of charitable associational self-justification throughout the next 150 years.*” (Roberts, 1998, p. 68). Thus it was generally accepted that a key part of ensuring discrimination was some degree of centralized control and coordination.

II. Centralization of Philanthropic Systems

The emergence of charitable organizations led philanthropic transactions to become more centralized, as donors could now pool their resources in intermediaries which took on responsibility for determining need and distributing resources accordingly. However, there were still plenty of critics who felt this did not go far enough to address the perceived failings of philanthropy.

Charitable organizations were prolific in number and usually existed with little or no coordination and a high degree of overlap and duplication. Without the provision of information to inform donor choice or the competitive forces that drove collaboration and merger in the commercial sphere, there was little to make these philanthropic ecosystems rational. This became a source of frustration for many who despaired at the inefficiency and wasted effort of so much unfocussed and uncoordinated charitable activity. The Victorian philanthropist William Rathbone, for instance, lamented the fact that “*hitherto, individualism has run riot in all voluntary effort, and the privilege of*

mismanaging its own affairs claimed by every class and community among us" (Rathbone, 1867, p. 128). (Rathbone even wanted the title of his memoir on philanthropy to be "Method vs Muddle", although it was eventually published as "Social Duties" (Simey, 1992)). There were also continuing concerns about the dangers of indiscriminate charity, as many critics felt that the process of rationalization from individual acts of direct giving to collective acts of intermediated giving had not overcome the problem of too much philanthropic capital ending up in the hands of 'undeserving' cases. Exasperation on both of these fronts led to efforts to further centralize the activities of charitable organizations in various ways.

Concerns about rationalization and discrimination most notably coalesced in the notion of 'scientific charity'. This is an umbrella term for the approach taken by a range of organizations from the 18th century onward, centred around a shared ethos of making charity more 'scientific' through the provision of information and by setting clear criteria about how to make philanthropic choices maximally efficient and effective (Bremner, 1956). An early proponent of this ethos was the Society for Bettering the Condition of the Poor, which from 1796 was led by Thomas Bernard, *"a wealthy retired conveyancer and county magistrate with a gift for management and an interest in scientific charity"*. His *"propagation of the now conventional view that poor relief demoralized... tied neatly with a continuing interest in developing a 'best-practice' register of charity management experiments, supplemented if necessary by sponsored research"*, and this made him, for a time, *"the most successful co-ordinator of information flow between charitable networks"* (Roberts, 1998, p. 77). The purpose of the Society for Bettering the Condition of the Poor was *"to serve (in the modern) idiom as a 'clearing house' for information about the condition of the poor and for helpful ideas for improving it - 'useful and practical information derived from EXPERIENCE and stated briefly and plainly"*, and thereby *"to have done with vague benevolence and 'deal with facts'"* (Owen, 1964, p. 106).

The apotheosis of the scientific charity movement was The Charity Organization Society (COS). This was formed in London in 1869 but came to real prominence under the charismatic and influential leadership of Charles Stewart Loch between 1875 and 1913, when the organization was famous (or perhaps notorious) for its hardline and vigorously

outspoken approach. Addressing duplication and waste among charities was certainly one aim of the COS:

“The size and variety of charitable effort and the absence of universal or consistent principle underlying such activities was a major reason for the foundation of the Charity Organization Society... its aim was to persuade charities to coordinate and concentrate their considerable resources so that they were distributed systematically to those best able to make use of them.”
(Thane, 1996, p. 21).

Hence the COS saw its role as providing *“machinery for systematising, without unduly controlling, the benevolence of the public”* (Owen, 1964, p. 106). Some welcomed the organization’s work, arguing that *“by the impulse they have given to the duty of thoughtfulness in charity, and by their education of the rich as to the responsibility of how to give, rather than what - and by helping the poor out of their poverty, rather than merely relieving them in it, [the COS] are doing work of vast and growing usefulness”* (The Guardian, 1885). But the organization had many critics too, who did not like the fact that the COS *“pushed its crusade against mendacity, indiscriminate almsgiving and laxity in Poor Law administration with enormous zeal... secure in the fashionable thesis that unsystematic philanthropy was the chief source of pauperism”* (Owen, 1964, p. 221). It did not help that the COS was particularly uncompromising and intolerant of those who did not share its views on scientific charity, calling them variously *“featherbrained”*, *“perversely wrongheaded”* and *“selfishly interested in perpetuating unsound philanthropy”* (p.226).

Centralization of philanthropic systems has also occurred in other contexts apart from the scientific charity movement. One such example is the controversy that arose in mid 19th century London over the vast number of dormant or defunct parochial trusts. These were charitable funds, many of which had been around since Tudor times (or even before), and which often had very narrowly defined criteria on which grants could be made. In many cases these criteria were so narrow or out of date that it was almost impossible to see how the money in the trusts could be effectively distributed. As a result, *“for the connoisseur of obsolete charities, the mid-Victorian City of London*

offered an incomparable museum and for the charity reformer an irresistible challenge” (Owen, 1962, p. 116). A Royal Commission was established to examine the problem and found many worrying examples of defunct parochial trusts, including: a fund solely dedicated to providing funds for killing ladybirds on Cornhill (a street in the City of London), a trust whose purpose was to maintain an oil lamp at the corner of Billingsgate ‘for ever’, and a (possibly apocryphal) fund to buy wood for burning heretics- despite the last such execution taking place more than 200 years earlier (Owen, 1962).

Given the immense amount of need in London at the time, where poverty and ill health were rife, many were extremely concerned by the fact that the “dead hand of the donor” was preventing resources from being directed towards the needs of the day. Prominent critics such as Sir Arthur Hobhouse led a crusade to bring the problem to the attention of politicians and lawmakers (e.g. Hobhouse, 1880). This eventually led to legislation conferring new powers on the Charity Commissioners to ignore founders’ wishes in the case of London parochial charities in order to free the money up to address good causes (the City of London Parochial Charities Act (1883)). This was not a simple process (it took over a decade all told), but it eventually resulted in the centralization of many of the disparate pots of money in a single fund (the City Parochial Foundation, which survives to this day as Trust for London).

A similar trend towards the centralization of philanthropic markets can be found in the history of the US nonprofit sector, where Dobkin Hall (2002a) argues that, *“by the 1880s, charitable activity itself became subject to the trend toward rationalization, which was affecting business, as reformers attempted to make benevolence more effective through the creation of “united charities” organizations, which combined the resources of smaller enterprises, and through state charity commissions, which oversaw the administration of public and private charitable activities”* (p. 39). A noteworthy example of this trend is the Community Foundation movement. The first organization to pioneer this model – of a single organization charged with acting as an intermediary between donors and charitable organizations in a defined local area – was the Cleveland Foundation, where according to Dobkin Hall, *“the purpose of the foundation was... as much to make philanthropy more efficient as it was to increase levels of public involvement”* and that *“it played a key role in rationalising and*

professionalising other private voluntary and philanthropic efforts in the city” (Dobkin Hall, 2002b, p165).

III. Centralization of Organizational Governance

We have seen that philanthropic transactions became centralized through the advent of charitable organizations, and that the aggregate activities of these organizations became further centralized in some cases as a result of conscious efforts to rationalize philanthropic markets. But this leaves open the question of how the organizations themselves were structured. Here, once again, there is a choice between centralized and distributed models: it is perfectly possible in theory for a group of individuals to combine and centralize their philanthropic activities under the auspices of a standalone organization, but for that organization itself to have a distributed or decentralized structure.⁴ Yet in practice, most CSOs have adopted centralized or hierarchical governance models, so we should once again ask why.

One factor driving the centralization of governance has often been recognition that a greater degree of formalized structure is required if organizations are to be effective and sustainable during times of rapid social change. The concept of a voluntary association had itself been “*one major social response to the problems posed by change and complexity*”, but as society became more complex “*many informal groupings took on rules and titles.*” The 18th century saw a process of organizational formalization in which associations whose “*defining characteristics were minimal, a set of rules, a declared purpose and a membership defined by some formal act of joining*” gradually “*began to gain a structure and the discipline of rules. They brought a little order to the exchange of ideas*” (Morris, 1990, p. 395). In creating these structures, elements were often

⁴ We should distinguish between two separate traditions with regard to voluntary action: the charity/philanthropy tradition and the mutualism/self-help tradition (Davis Smith, 1995). In broad terms the former centres on models which enable a transfer from those with assets to those without assets in order to drive social good, whilst the latter centres on models which enable sharing of assets between those of roughly similar levels of wealth and status. (Although in practice, of course, this distinction is sometimes rather blurred). The focus here is on the charitable/philanthropic tradition, as this is where centralized models of governance have more obviously become the default. However, it is an interesting question as to whether one of the potential impacts of the decentralizing potential of technology will be a further erosion of the division between this tradition and the mutualism/self-help one - a question, however, that is outside the scope of this paper.

borrowed from other contexts, both domestic and public, so that *“the club was derived from the informal drinking group of the tavern and mixed with this certain features of the household or family. The head of the household became mine host became the chairman with power to lay down and interpret certain vague rules of conduct”* (p. 396).

The centralization and formalization of structure in charitable organizations was far from uncontroversial, however. It led many to express concerns about the threat they might pose to existing power structures in society. In part, this was based on a fear that structures which allowed power to accumulate in the space between the individual and the state would be able to challenge the will of the government or undermine the democratic process. US President George Washington offered a stark warning about this danger in his farewell address in 1796, arguing that: *“Combinations and Associations, under whatever plausible character, with the real design to direct, control, counteract, or awe the regular deliberation and action of the Constituted authorities... serve to organise faction, to give it an artificial and extraordinary force; to put in the place of the delegated will of the Nation, the will of a party; often a small but artful and enterprising minority of the Community.”* Washington further warned that these philanthropic enterprises would, over the course of time, *“become potent engines, by which cunning, ambitious and unprincipled men will be able to subvert the Power of the People, and to usurp for themselves the reins of Government; destroying afterwards the very engines which have lifted them to unjust domination”* (Quoted in Dobkin Hall, 2006, p. 35).

Washington was far from alone in holding these views — Dobkin Hall (2002b) notes that *“almost invariably, established organizations, whether quasi-public or private, viewed newly emerging associations as threats to public order and more often than not sought to crush them”* (p. 141). A powerful example illustration of this can be found in the strong criticism of civil society centralization made in 1828 by the leader of Boston Unitarianism, William Ellery Channing, who argued against formalized voluntary associations on the grounds that:

“They accumulate power in a few hands, and this take place just in proportion to the surface over which they spread. In a large institution,

a few men rule, a few do everything; and if the institution happens to be directed at objects about which conflict and controversy exist, a few are able to excite in the mass strong and bitter passions, and by these to obtain an immense ascendancy... Accordingly, we fear that in this country, an influence is growing up through widely spread Societies... which, unless jealously watched, will gradually but surely encroach on freedom of thought, of speech and of the press.” (Quoted in Dobkin Hall, 1999, p.9).

Some took concerns about the dangers of allowing power to become centralized in voluntary associations as grounds to call for a more decentralized approach to governance. The president of Brown University, Rev Francis Wayland, for instance argued in 1838 for *“a radically individualistic and anti-institutional conception of voluntary associations [that] minimized the role of the board and placed primary responsibility for governance in the hands of the membership”* (Dobkin Hall, 1999, p.12). This hinged on the idea that *“guarding voluntary associations from ‘the evils to which they are manifestly exposed’ required both statutory constraints on the scope of corporate activity and internal mechanisms to limit the discretion of trustees”* (p. 11). By doing so, associations could be kept much more tightly bound to the specific objects for which they had been formed and, Wayland argued, *“they [would] have no power to do any thing in a manner different from that which was specified in the original compact. The moment and departure is made from the original agreement, the association is, in fact, dissolved”* (p. 11).

The way in which voluntary associations are structured clearly has a bearing on the extent to which we should be concerned about the anti-democratic threat they pose. However, that is not the only reason that the internal governance structures of civil society organizations are of interest. It is also important to take account of the way in which these structures relate to the existing power structures in wider society. On the one hand they reflect existing power dynamics, so that civil society organizations must be viewed through the lens of wider society. Evans (1982) argues that we must not *“ignore the influence which ideology and perceptions of urban society had on the middle class. For their contributions to philanthropy were deeply influenced by the way in which they saw the urban society which confronted them... Humanitarianism*

had to square with the existing structure of society and the distribution of power" (Evans, 1982, p.295). Yet, on the other hand, civil society organizations have also played an important role in altering societal power dynamics by bringing different social groups together, demonstrating different modes of interaction or teaching their members new skills of civic participation. Hence they *"played a key part not just in the organization of civil society, but also in articulating relationships between civil society and the state"* (Morris, 2000). This meant there was a two-way relationship, in which the governance structures of civil society organizations were shaped by the power dynamics of the society in which they were formed, but also shaped those power dynamics in turn.

Some claim that the fact the emerging structures of charitable organizations reflected existing power dynamics should not be seen as accidental but rather as part of a conscious attempt to reinforce class relationships. Kidd (1984) argues that *"the task of the charity organizers can, therefore, be seen as the reproduction of the theoretical framework for a ruling-class consensus on the poor. Their objectives were to sustain ruling class morale and to foster the 'spontaneous' consent of subordinate classes to that model of social relationships promoted by the ruling class itself"* (p. 46). This was particularly important for the relationship between the middle class and the working class, where:

"[T]he creation of voluntary societies... enabled the urban middle class elite to seek dominance over the industrial towns without the use of main force... by reproducing in the voluntary societies forms of behaviour and social relationships which represented a paradigm for their ideal industrial society... The organization of consent which they continually sought was not only the consent of the subordinate classes to a beneficial domination but the consent of the fragments of a potential middle class to cooperate with each other in seeking and sustaining this domination." (Morris, 1983, p. 110).

In the nineteenth century, when the growth of voluntary associations really accelerated it was relatively easy for those from the middle and upper classes to exert control within organizations, because the particular governance structures which emerged gave them a natural advantage:

“The characteristic institutional form... was that of the subscriber democracy. Money was collected from members. The funds were distributed and activities organized by a committee and officers elected by the subscribers at the annual general meeting. One subscription, one vote, was the general rule and uncontested elections the normal practice. Normally the result was rule by an oligarchy selected from the higher status members of the society. The president was often a high-status local leader, often a major industrialist, the secretary usually a solicitor, and the treasurer perhaps a local merchant or banker. The committee included a number of hard-working regular attenders. Such an arrangement was normally a perfect compromise between the middle class striving for self respect and independence and the reality of hierarchical society with its massive inequalities of wealth and power, even within the middle class.” (Morris, 1983, pp. 101-102).

However, while formalized charitable organizations functioned as a fairly effective tool for maintenance of the existing social order, they were not perfect. Proliferation presented one challenge, so that:

“Although the leaders of many of these societies explicitly sought control and hegemony over the working classes, such dominance was unlikely ever to be complete. The societies offered such a variety of areas of cultural bargaining between classes. There was a variety of means of disciplining; the recommendation system, house visiting, the endless rules and regulations, together with the offer of crucial cultural and material resources. Whatever middle-class ambitions, there were simply too many alternatives for any complete control of ideology, thought or social practice.” (Morris, 1990, p. 416).

However, even within individual organizations those in charge were not always able to use their social superiority to get their own way. Occasionally the working class members of an association combined the small slivers of power they had each been allowed, to

great effect. In 1836, for instance, the Leeds Temperance Society became split over whether to introduce an exclusive teetotal pledge in place of their existing call for moderation with regard to alcohol (Morris, 1983). The division ran broadly along class lines, with many working class members in favour of the more hard-line approach but the high-status committee members who had founded the society in opposition. Eventually, *“despite pleas from the platform that ‘the speakers on one side should properly consider what is due to the respectability and station in life of their opponents... men who have been the originators and supporters of many of the most charitable and benevolent institutions’, the general meeting voted for the teetotal pledge, and the committee left the society clearly disturbed by the rejection of their social authority”* (pp. 102-103).

It is worth noting that the subscriber democracy was not the only model used by 19th century voluntary associations. There was also a parallel phenomenon of ‘voting charities’, in which *“charity donors, or subscribers, were invited to vote for a certain number of people from a pool of candidates who had applied for charitable relief...[and] the winners of this election then became the recipients of the given institution’s charitable services”* (Kanazawa, 2016, p. 358). While these always remained firmly in the minority, they were of sufficient scale that they should be taken seriously as an alternative model of charity governance: by the late nineteenth century voting charities comprised more than five per cent of all subscription charities in London and the approach had also spread to other cities around the country (albeit in a limited fashion) (p. 358).

This is not the place to offer a detailed history of voting charities. (For more, see (Kanazawa, 2016) or (Alvey, 1991)). However, they are of particular interest in the context of this paper because they represent in certain respects an attempt to introduce a more decentralized approach to decision making, based on a governance structure that owes more to direct rather than representative democracy. As such, they potentially highlight a few issues that may be relevant to efforts to decentralize and disintermediate charity through technology in a modern context. For example, contemporary critics argued that voting charities were highly susceptible to the emergence of hidden elites (foreshadowing the concerns outlined in Freeman (2013)) because *“only the candidates of oligarchical interest groups could secure successful returns...[and] only wealthy*

individuals and localities with large numbers of voted could return their candidates” (Kanazawa, 2016, p. 364).

The basis on which decisions were made about which candidates were ‘deserving’ was also the subject of a great deal of criticism. In a voting charity, the organization did not act as a intermediary to provide information that could inform choices or take on delegated responsibility for making the decisions about where to give — rather, individual donors were called upon to make their own determination of potential recipients (although some ‘outsourced’ this responsibility by allowing others to act as voting proxies for them). Unsurprisingly this meant that a whole host of biases (both conscious and unconscious) and perverse incentives came into play. Recipients with well-established networks of supporters, and those who were able to offer a compelling narrative about their situation, prospered within the system at the expense of those without friends or the ability to market themselves. This led Frederic Mocatta to rail that *“this wicked system... insures the benefits sought for those who have most influence and friends, instead of those who are the most forlorn and friendless,”* and led Florence Nightingale to describe voting charities as *“the best system for electing the least eligible, or, at any rate, preventing the discovery of the least eligible”* (Kanazawa, 2016, p. 375).

Despite all this criticism, voting charities remained part of the landscape of UK philanthropy until well into the 20th century (indeed, the Royal Hospital and Home for Incurables in London only abandoned the system in 1951 (Alvey, 1991)). Those who supported the approach were vigorous in their defence of it, and often contrasted it with what they saw as the ‘impersonal’, over-centralized and bureaucratic approach of charities that had adopted a more managerial approach to their governance. One such defender, Mr H Howard of the National Training Home for the Feeble Minded, lamented in 1907, *“What sort of world would this be, if everything which brings us into contact with affliction and suffering... is to be undertaken by Committees? Are not committees open to abuse by the Candidates who can command influence?”* (Quoted in Alvey, 1991, p. 152). This reflected a broader sense in which *“while the anti-voting camp wanted an efficient administration performed by a knowledgeable elite, those in favour of voting charities, fearing ‘the disenfranchisement of subscribers’ and ‘favouritism’, never allowed the creation of a powerful committee that would make decisions at the expense*

of the free choice of the subscribers, which they saw as the driving force behind philanthropy” (Kanazawa, 2016, p. 379).

Voting charities were one approach to addressing the perceived ills of centralized power in charity governance, but this issue also resonated much more widely. By the middle of the 20th Century it had become an important factor shaping the thinking of many UK charities who were attempting to redefine their role in the context of the Welfare State and a growing appetite for active involvement:

“Voluntary activity always sat uncomfortably with any directives imposed from a central point. As has been seen, in the nineteenth century there had been a tension between an unorganized and spontaneous expression of voluntary activity on the one hand, and an organized, disciplined and centralized expression on the other. But the popularity of ‘participation’ in the 1960s and 1970s made the problem more acute. There might well be, on occasion, an extreme hostility to any formal structure at all.” (Finlayson, 1994, p. 335).

In response to these new drivers, *“some of the older established bodies carried out very extensive internal reorganization.”* For example, *“until 1969, Barnardo’s was organized entirely centrally, but subsequently there was a great deal of decentralization into divisions... control which was once exercised from the centre was now exercised only after consultation with the divisions”* (p. 335).

It was not just operating charities that responded to these trends, either. Some grantmakers also attempted to decentralize decision making and encourage participation in order to shift power as well as financial resources from donors to recipients. Ostrander (1999) cites the example of the Boston-based Haymarket People’s Fund, where *“the typically hierarchical relation between grantors and grantees is reorganized in a way that is both more democratic and more accountable.... [It] democratizes the decision making about grants by opening them up to social groups who have historically been marginalized, and holds the organization accountable to grantee constituencies by locating decisions in their hands”* (p. 262).

While some scholars have praised the Haymarket Fund as “*a democratically representative alternative that is close to the kind of philanthropy that might truly be for the public good*” (Odendahl, 1990, p. 184), this democratization does appear to have come at a cost, as the fund has faced many of the usual challenges known to affect decentralized models. The need to achieve consensus among a diverse group of participants has sometimes made decision-making difficult and resulted in a “tactical freeze” – for example when “*gender- and race- based disagreements arose among funding board grantee-activists about whether a grantee group was engaged in the kind of progressive social-movement activity they wished to fund, or whether the activity was more social service than social change*” (Ostrander, 1999, p. 263). Likewise, the fund has recognized the dangers of the Iron Law of Oligarchy:

“While funding boards based in the communities from which grantees come represent a significant democratizing of the more common hierarchical grantor-grantee relation – these funding boards can themselves become a self-perpetuating elite... [And] given that they function as gate-keepers to obtaining a grant, the boards could – however constructed – simply produce another kind of hierarchy between some grantees who had access and other grantees who did not.” (p. 264)

Governance models which decentralize decision-making in an attempt to give more power to grantees have always been the exception rather than the norm for philanthropic institutions, but The Haymarket Fund is not unique. There are earlier examples of foundations incorporating elements of such an approach, such as the Stern Fund (established in 1936 by Edith Stern, the daughter of philanthropist Julius Rosenwald). This adopted the practice of having “*potential grantees give in-person presentations to the board*”; although it has been noted that “[this is] *not nearly the same as having grantee-based decisions about grant-making, but arguably a step in that direction*” (Ostrander, 1999, p. 266). More recently, as concerns about power dynamics within civil society and the democratic legitimacy of philanthropy have become more prevalent, there has been a surge of interest in models of “participatory grantmaking” (Gibson, 2017; Gibson & Bokoff, 2018; Gibson, 2019). While there are still relatively few instances of these approaches being put into practice, those that do exist

demonstrate that this is a broad field: ranging from funders incorporating some element of recipient voice into their grant-making process or creating dedicated participatory funds,⁵ to much more radical experiments with fully decentralized decision-making and governance.⁶ It seems clear, therefore, that even were it not for the possibilities afforded by new technology there is an appetite at this moment in time for exploring the possibilities of more decentralized approaches to the structuring of philanthropic organizations.

6) The Promise of Decentralization through Technology

All new technologies bring with them new affordances- i.e. the range of possible actions they enable based on their properties and capabilities (Hutchby, 2001). The central question for this paper is whether the affordances of the existing and emergent technologies available to us at the start of the ‘Fourth Industrial Revolution’ will have an impact on the trends we have traced through our historical examples, and whether they will thereby open up genuinely new possibilities to decentralize transactions, systems or organizational governance in the context of philanthropy and civil society. To assess this question, we must first identify some of these affordances are and the impact they might have.

I. Information

Technology has had a profound impact on the ways in which we gather and share information. A vast amount of information is now freely available at great speed to anyone who has access to the internet. Given that such access is increasingly widespread

⁵ E.g. Camden Giving’s experiments in the London borough of Camden (Camden Giving, 2019) or Esmee Fairbairn Foundation’s “Participatory City Project” <http://www.participatorycity.org/>

⁶ E.g. Edge Fund (<https://www.edgefund.org.uk/>), the Edge Funders Alliance (<https://edgefunders.org/>), or FundAction (<https://fundaction.eu/>).

(although far from universal), for many the limiting factor is no longer the ability to find information, but rather the ability to determine its level of quality and to interpret it appropriately.

Emergent technologies such as artificial intelligence (AI) will further enhance the range of information available to us. Applications of AI such as image recognition or natural language processing (NLP) can be used to capture unstructured data from a far wider range of sources than ever before. Similar techniques can also be used to build systems that allow large numbers of individuals to input ideas actively, which are then aggregated to form new models of “collective intelligence” (Mulgan, 2017; Malone, 2018). Other forms of Machine Learning (ML) can then be applied to these huge data sets to determine patterns that humans would almost certainly never spot, which can be used as the basis for new mechanisms of prediction or personalized recommendation (Domingos, 2015).

There is a widely-quoted estimate in the tech sector that the vast proliferation of data as a result of the digitization of our lives means that 90% of all data ever created in human history was created in the last two years (IBM Marketing Cloud, 2017), and the increasing use of automation is likely to accelerate this data explosion in coming years. The growth of the Internet of Things — the network of ‘smart’ objects, equipped with sensors and internet connectivity, that are able to sense and respond to their external environment and communicate with each other or with users — will result in an enormous number of new data points being created (e.g. Burgess, 2018). It will also mean that many physical objects will have a “digital twin”: a continually-updated digital representation that can be analysed and manipulated in myriad new ways (E.g. Parrott & Warshaw, 2017).

We have already seen that the challenge of finding information on where and how to give effectively has been a major driver of centralization within philanthropy. Historically, for most donors the only practical way to overcome the challenge was by relying on an expert intermediary organization to provide them with information or to make decisions on their behalf. So if one of the affordances of new technologies is to make access to information much easier, this may remove one of the key barriers to decentralization.

II. Communication

Digital technology removes many of the limiting factors of communication, such as speed, distance, cost and security. In the past, efficient communication could only really be done on a one-to-one basis (which imposed obvious physical limitations) or by centralizing through a publication platform of some kind that could enable communications on a one-to-many basis. The internet, however, enables us to communicate on a peer-to-peer, one-to-many, many-to-one or even many-to-many basis across the globe (Shirky, 2008). Effective internal and external communications have been one of the major challenges for decentralized approaches, so these new affordances are critical enablers.

III. Peer-to-peer (P2P) Transactions

The internet has made it possible for large numbers of people to transact directly with one another rather than through traditional intermediaries. The emergence of digital platforms which seek to connect content or service providers directly with potential customers has been one of the major trends in technology and commerce in recent years and some of these platforms, such as Uber, AirBnB and YouTube, are now among the biggest companies in the world (McAfee & Brynjolfsson, 2017). However, whilst these platforms enable some degree of disintermediation, they do not necessarily result in decentralization – in fact, many critics argue that they are making the digital world more centralized than it has ever been by positioning themselves as gatekeepers that can control the connections between us (Freuler, 2018).

Some argue that blockchain technology could overcome this problem by providing the infrastructure for a system of P2P transactions without the need for centralization (e.g. Tapscott & Tapscott, 2016). Traditionally, in order to make transactions between multiple parties (many of whom have no reason to trust each other) possible at scale, it was necessary to employ a trusted third party to oversee transactions and maintain a

ledger. The concept at the heart of blockchain, however, is that of a ‘distributed ledger’: instead of the record of transactions within a system being held by a single privileged intermediary, multiple copies of the record are distributed across the system and the process for updating the record (known as a ‘consensus protocol’) works in such a way that additions to the ledger can only be made if all parties agree and, once made, those additions are immutable.⁷ Furthermore, the nature of blockchain ledgers means that it is potentially possible to record assets of all kinds –; not just financial, but physical e.g. diamonds (O’Neal, 2019), shipping cargo (Allison, 2019); or even intangible e.g. intellectual property (Wang *et al*, 2019), reputation (HackerNoon, 2019).

IV. Trust

One of the key roles of most centralized intermediaries is to act as guarantors of trust. That might be trust that other members of the group are who they say they are and that they will do what they say they do; it might be trust that one’s own identity and ownership of assets will continue to be recognized; or it might be trust that information is true and accurate.

Technological affordances are likely to affect trust in many different ways. Blockchain, and other distributed ledger technology, for instance, means that “*for the first time in human history, there is the potential to create a permanent public record of who owns what, which no single person or third party controls or underwrites, and where we can all reliably agree on the correctness of what is written*” (Botsman, 2017, p. 217). The creation of new forms of digital identity, including models of “self-sovereign identity”, likewise offer the possibility of ensuing trust in the identity of others in an online environment without the need for a centralized authority (Davies, 2017c). Through automation we might also be able to guarantee trust in actions. Blockchain technology, for instance, enables the creation of “smart contracts”: these are self-executing computer protocols which perform set actions when defined criteria are met and (in theory) can thereby allow multiple parties to make trustworthy contractual arrangements without

⁷ At least in theory: in practice, however, computational “mining” power has become sufficiently centralized that so-called “51% attacks” – once thought only a theoretical possibility – are now feasible in practice. See e.g. Klein (2019).

the need for a trusted third party to oversee the contract and execute its terms (De Filippi & Wright, 2018).

We should note that technological affordances are likely to cut both ways here - so they may also make it harder to ensure trust in some cases. When it comes to civil society, for instance, the barriers to group formation have been lowered thanks to the internet but as a result it is also much easier for ‘astroturfing’ to occur: where bad actors create fake, yet credible-looking groups of their own in order to claim grassroots support for certain actions or aims (Davies, 2019b). The authenticity of information may also be challenged: the use of AI to create “deepfakes” - artificially generated video and audio content that is almost indistinguishable from the real thing - has, for example, raised many concerns about potential risks to public discourse and democratic processes (Parkin, 2019).

V. Transparency

Technology offers many opportunities for a far higher degree of transparency. The internet has provided us with a form of digital public space that can allow individuals and groups to operate openly. Some have made this part of their core ethos, such as the organizations within the Open Source movements (e.g. Linux, Wikipedia). There are also efforts to shift wider cultural norms: the Open Data movement, for instance, aims to make the publication of data in a consistent, usable and freely-available format the default setting where possible (Open Data Charter, 2015). Though this ambition is still far from being realized, there are encouraging signs of progress around the world as levels of adoption of open data principle continue to rise (World Wide Web Foundation, 2018). Emergent technology could accelerate this process and offer the possibility for radical forms of transparency in which all information about a system is visible to everyone (Heimans & Timms, 2018).

Many efforts to improve trust rely to some extent on the ability to offer high degrees of transparency. We should note, however, that transparency is neither a necessary nor sufficient condition for ensuring trust and that it should be understood as an affordance in its own right - bringing with it both opportunities and challenges. In the context of

decentralization, transparency is also an important tool for facilitating access to information and thereby enabling coordination and decision making.

VI. Organizational Governance

New affordances regarding trust, transparency and transactions may also have a major impact on the ways in which we are able to organize and the governance models we use. This is perhaps most starkly demonstrated in the case of blockchain, where the technology is being used to decentralize not only systems, but also the governance structures of individual organizations. As De Filippi and Wright (2018) explains:

*“The impact of blockchain technology on organizations is not solely limited to incremental improvements to existing corporations and other legal entities. The technology also has the potential to create **decentralized organizations**, new organizations that rely on blockchain technology and smart contracts as their primary source of governance. Blockchains enable the deployment of smart contracts, which are not run on any central server but rather are executed in a distributed manner by an entire network. These smart contracts can be combined to form an interconnected system of technically enforced relationships that collectively define the rules of an organization.”* (p. 136).

If this potential is realised, and the technology becomes widely available, it could have a significant impact on the ways in which people organise for social action.

VII. Process Automation

We have seen that the automation of transactions and contracts could play a role in enhancing trust by reducing or removing the need for third parties, but this is not the only way in which automation is relevant to decentralization. The automation of much more basic administrative and logistical processes is also important. Ensuring tasks such

as these are allocated and performed effectively, when they are often repetitive and dull, can be a challenge within decentralized groups if no one has the authority to demand things of others and there are no mechanisms to hold people to account for failing to perform agreed tasks. Being able to automate these tasks could circumvent such challenges and would free up the members of the group to focus on activities that genuinely require human involvement.

7) **Decentralization Through Technology in Philanthropy & Civil Society**

Philanthropic organizations tend not to be among the early adopters of new technology. Practical barriers around knowledge, skills and financial resources, as well as cultural barriers around risk and failure, generally make it hard for organizations in this sector to be at the cutting edge when it comes to technological development. So what impact have the technological affordances outlined above had so far in terms of decentralizing and disintermediating philanthropy? And what more might the future bring? Let us consider this question in terms of the three ways identified earlier in which philanthropy has historically become centralized: at the level of transactions, systems and organizational governance.

I. Decentralizing Transactions

We have seen that the rise of digital platforms has resulted in a widespread process of disintermediation in many commercial spheres (although arguably at the cost of far greater centralization, as a small number of platform gatekeepers now wield an enormous amount of power). This impact has also been felt in civil society, where many different philanthropic platforms now exist with a variety of aims, including:⁸

⁸ NB: Many of the platforms listed here perform a range of the specified functions in practice. They are listed against one function only for illustrative purposes.

- Making it easier to find and donate to existing charitable organizations, or specific projects run by those organizations, either within a defined geographic area (e.g. The Good Exchange), nationally (e.g. The BigGive, Local Giving) or internationally (e.g. Global Giving).
- Facilitating individual fundraising for existing organizations (e.g. JustGiving, Virgin Money Giving)
- Crowdfunding for social projects (e.g. Crowdfunder)
- Crowdfunding for individual needs (e.g. GoFundMe)
- P2P loans to individuals, community groups or small businesses (e.g. Kiva)
- Direct Cash Transfers (e.g. GiveDirectly)
- Enabling cryptocurrency donations (e.g. Alice.si, The BitGive Foundation, WeTrust Spring)

More recently, there are signs that special-purpose giving platforms may eventually be superseded by a trend towards commercial platforms integrating charitable giving functionality into their offering. Social media platforms such as Facebook and Instagram have introduced ways for users to fundraise and donate to charities (Lepper, 2019; Lake, 2019). Digital payment providers such as ApplePay and GooglePay have within recent years enabled users to make charitable donations (Lake, 2017; Statt 2018); while in China, WeChat Pay and AliPay have led a huge growth in giving via digital platforms that is helping to accelerate the growth of a new culture of philanthropy in the country following many years during which voluntary action was largely absent (Chen *et al*, 2018).

Looking to the future, there are further possibilities when it comes to disintermediating philanthropic transactions. Blockchain, for instance, could potentially remove many of the traditional middlemen that currently exist in complex value chains such as those found in international aid and development. This could reduce transaction costs and also increase overall levels of trust by reducing the risk of corruption or bad governance by certain actors within the value chains (Nyamadzawo, 2017). Blockchain also offers the prospect of radical transparency: since the cryptographic elements that represent assets on a blockchain are unique and can be made non-fungible, it is possible to trace assets from the point of their creation onwards, regardless of how many times they change hands (Davies, 2016b). In a philanthropic context, this means one can create platforms

using blockchain which allow donors to track their individual donations in order to see exactly how they are spent by recipient organizations or even end beneficiaries. If this degree of transparency is not by itself sufficient to ensure trust, using blockchain also opens up the possibility of creating “programmable donations”, where smart contracts are used to stipulate certain criteria that, if met, will result in a donation to a given organization (Elsden *et al*, 2019). These criteria may either be used to commit the donor (e.g. by setting external criteria which trigger donations) or to ensure that the organization in receipt delivers certain outputs or outcomes.⁹

We have seen that the ability to find information — on where needs lie, on which organizations and projects are addressing them, and on how to give in a discriminating way — has historically been a key factor driving individuals to centralize their activities, because it was only through the creation of expert intermediaries that the collection and communication of this information was possible. New technological affordances could radically alter our relationship with information, however — affecting the way that donors make philanthropic choices and opening up new possibilities for decentralization. The internet has already had a profound effect on democratizing access to information: whereas we once had to rely on expert authorities and written sources — to which access was often very limited — we can now obtain a vast array of information on subjects of all kinds at little or no cost. Our ability to communicate that information has also fundamentally changed, as the traditional models of one-to-one or one-to-many communication have been augmented or replaced by new forms:

*“Communications media was between one sender and one recipient. This is a one-to-one pattern – I talk and you listen, then you talk and I listen. Broadcast media was between one sender and many recipients, and the recipients couldn’t talk back. This is a one-to-many pattern – I talk, and talk, and talk, and all you can do is choose to listen or tune out. The pattern we **didn’t** have until recently was many-to-many, where communications tools enabled group conversation.”* (Shirky, 2008, p. 87).

⁹ E.g. The model employed by Alice.si in its project with the homeless charity St Mungos. See Weakley (2017).

The emergence of artificial intelligence could transform our capacity to find information yet further. Machine learning techniques have brought new capabilities in terms of our ability to spot patterns in data and make accurate predictions, which are being used to create recommender algorithms that deliver tailored suggestions for content, purchases or activities to each individual user (Domingos, 2015). It seems inevitable that this will extend to how we make philanthropic choices in the future. Indeed, there are already some projects applying AI in this way, (E.g. Paynter, 2018) and the growth of giving through commercial platforms that employ recommender algorithms as a core part of their business model is likely to accelerate the process.

This raises an interesting question about the nature of any algorithm designed to inform choices about charitable giving: is the purpose to provide us with recommendations based on previous behaviour and the behaviour of people like us (in the way that Netflix or Spotify suggest films and music)? Or is it to provide us with a more objective assessment of where need is most pressing and which organizations or interventions would represent the most effective means of addressing them? The latter hints at the possibility of a new, hyper-rational form of philanthropy emerging; in which data-driven decisions facilitated by algorithmic processes seek to effect an optimal and rational matching of supply (e.g. philanthropic resources) and demand (e.g. social and environmental needs) at any given time. This process could even be largely, or even wholly, automated; so that little or no human involvement is required (Davies, 2017c).

We should not assume that technology will result in hyper-rationality and tip the balance decisively in favour of head rather than heart, however. It may well be that there is an equal push in the opposite direction; towards greater reliance on emotion and empathy. Immersive and experiential technologies such as virtual and augmented reality (VAR) will create new opportunities for storytelling, and for organizations (and, indeed, individuals) to connect in a visceral way with potential supporters even when there is no physical proximity. Although VAR is still in many ways nascent, quality has improved considerably in recent years and costs have come down; leading to a growing number of examples of the technology being used for awareness raising, fundraising and service delivery by non-profits (Green, 2018). Research suggests that even in these relatively early-stage examples, VAR can potentially elicit stronger empathetic responses than traditional media (Herrera *et al*, 2018). Extrapolating this trend, we could see the

emergence of “hyper-empathy” alongside hyper-rationality: so that donors are able to access data-driven algorithmic recommendations on their giving and also have highly empathetic and emotional responses triggered through immersive technology.

II. Decentralizing Systems

Many of the affordances which could enable the decentralization of philanthropic transactions are also relevant at the level of markets or systems, where the need to coordinate the activities of multiple actors is the key concern. Information is once again fundamental, as understanding the activity taking place within a system allows one to identify the extent to which that activity is well directed, how much overlap and duplication there might be, whether there are “cold spots” etc. Historically, this drove centralization as an organization or body would need to collate information from multiple different sources into a market-level view (either from within the non-profit sector, as in the case of the Charity Organization Society, or from outside it, as in the case of the formalization of the Charity Commission for England & Wales).

New possibilities when it comes to data ownership and access may change this situation. Open Data initiatives already exist in the non-profit world,¹⁰ and as calls for greater transparency and accountability in philanthropy get louder it is likely that more organizations will get on board. If all data within a philanthropic system is open, then it is possible for any actor within the system to use the information to guide their own activities, without the need for centralized control (although in reality, it may require some centralization in the form of platforms or apps that allow users to manipulate the data in useful ways).

The provision of information enables effective coordination, but it doesn’t ensure it: that requires organizations to act on the information, by altering their operations to avoid duplication or collaborating where appropriate. The problem is that the individual interests of each actor may well be in conflict with the best interests of the system as a whole, and there is no reason for any actor to trust that others will put their own interests aside in the pursuit of a collective goal. (Essentially a version of the “Tragedy of

¹⁰ E.g. 360 Giving (<https://www.threesixtygiving.org/>) or GlassPockets (<https://glasspockets.org/>).

the Commons”, (Hardin, 1968)). Historically, therefore, a centralized authority of some sort was required to direct the activities of each actor and hold them to account. Proponents of blockchain argue that the technology could overcome this limitation as the combination of a distributed ledger on which data can be recorded and the ability to automate rules via smart contracts offers the possibility of coordination without centralization (De Filippi & Wright, 2018). Furthermore, the inherently digital nature of blockchains means that they could be used to coordinate systems comprised not only of humans, but machines as well:

“Extending beyond the potential to coordinate human activity, blockchains are increasingly being used to control devices and machines, with smart contracts defining the operations of these Internet-connected devices. Eventually, blockchains may mature into a foundational layer that helps machines engage in economic transactions with humans as well as other machines.” (p. 4).

The potential for technology to decentralize philanthropic systems and markets is a relatively unexplored area to date. This is perhaps unsurprising because most of the possible applications cannot be undertaken by a single organization; instead requiring collective action on a large scale, which may present a significant barrier.

III. Decentralizing Organizational Governance

The decentralization of philanthropic transactions and systems, at its most extreme, suggests a scenario in which we are all simply individual agents interacting directly with each other and engaging in peer-to-peer acts of generosity. However, the limitations of such an atomistic picture are evident: there will still be many instances in which some form of collective action is desired or required in order to achieve a particular aim, so we will need to organize. The question is whether this organization requires centralization, or can be achieved without it.

Traditionally, centralization was needed because *“collective action is the hardest kind of group effort, [requiring] a group of people to commit themselves to undertaking a*

particular effort together, and to do so in a way that makes the decision of the group binding on the individual members” (Shirky, 2008, p. 51). The internet may have changed all that, by providing the foundations for new modes of organization or a new form of ‘digital commons’ that can avoid the pitfalls of the past (Shirky, 2008; Benkler, 2006). Bernholz, Skloot & Varela (2010) suggest that these new affordances could have a transformational impact on philanthropy:

“In 1911, Andrew Carnegie created a genera-purpose philanthropic entity – the foundation in its modern form. Two years later, John D. Rockefeller established the Rockefeller Foundation. Both men found that, to provide money and known-how in support of the social good, they needed to create centralized, vertically integrated on the big business (steel, oil) from which their fortunes derived. This institutional structure has remained the predominant model for organized philanthropy for almost a century. Today, peer-supported, data-informed, passion-activated, and technology-enabled networks represent a new structural form in philanthropy, and the institutions that support them will need to be as flexible, scalable and portable as the networks they serve.” (p. 5)

Whilst this rhetoric has not yet perhaps been fully matched by reality, there are certainly a growing number of examples of decentralized governance models emerging in civil society. Most notable are the various high-profile networked social movements and protest groups like The Movement for Black Lives, MeToo, Justice for Grenfell or Extinction Rebellion. None of these has been initiated or led by a traditional civil society organization; and their huge growth and success has been in part down to the way in which they have been able to connect people and thus mobilise large swathes of grassroots support, coordinated by the network members themselves.

Looking ahead to the future, there is the potential to develop more rigorous – yet still decentralized – organizational governance through the use of blockchain technology:

“Blockchain... has the potential to create decentralized organizations, new organizations that rely on blockchain technology

and smart contracts as their primary or exclusive source of governance. Blockchains enable the deployment of smart contracts, which are not run on any central server but rather are executed in a distributed manner by an entire network. These smart contracts can be combined to form an interconnected system of technically enforced relationships that collectively define the rules of an organization... [This] enables the creation of decentralized organizations consisting of individuals who gain the ability to cooperate or collaborate on a peer-to-peer basis – and, if desired, to transact value – with less of a need to rely on a centralized management structure.... Governance in a decentralized organization is achieved in a less hierarchical manner and in a way that is generally more reliant on group consensus.” (De Filippi & Wright, 2018, p.136-137).

As with most things to do with blockchain technology, much of this potential remains largely theoretical at this point. However, there are a number of Distributed Autonomous Organizations (DAOs) in existence already as well as platforms designed to facilitate the creation of new ones (such as Aragon and DAOStack). There are even examples with a philanthropic focus, such as Giveth (www.giveth.io), which pitches itself as a Decentralized Altruistic Community. If the wider potential of decentralized governance through blockchain (or a similar technology) is realized, it could have major ramifications for the way in which philanthropic and civil society organization are structured in the future (Davies, 2017b).

8) Does Technology Reduce the Limits of Decentralization?

This paper has outlined the theoretical and historical context for decentralization narratives, and what they tell us about some of the potential strengths and weaknesses of decentralized approaches. It has also considered how and why centralization has

occurred in civil society, and why it is claimed by some that technology can overcome traditional limitations and open up new possibilities for decentralization. The remaining question for this paper is whether this claim holds true: do new technological affordances genuinely overcome the known limitations of decentralized approaches, or are we simply in danger of rediscovering old problems (or creating new ones)? It is not possible to give an in-depth answer to this question here, but we shall outline some key questions that need to be considered by those exploring decentralized approaches in the realm of philanthropy and civil society.

I. Power

A key driver towards decentralization through technology is often a desire to empower people or to overcome existing power imbalances within hierarchical systems and organizations. But does this work in practice? Concerns about the Iron Law of Oligarchy and the Tyranny of Structurelessness highlight the danger that in decentralizing or removing hierarchies, we simply transfer power from one set of elites to another. Furthermore, whilst in structured groups elites are likely to be identifiable by their position within the structure of the group and there will (at least in theory) be mechanisms to hold them to account, in unstructured groups elites are likely to be hidden and lack any real accountability.

The reliance on technology for the creation of decentralized groups also brings in a new dimension of power: namely, who owns or controls the technology? If a group is built using a digital platform, then it is not only the relationships between group members that we need to be concerned with, but the relationship between those members and the platform owners. This is already a problem: the emergence of a handful of huge tech companies and platform providers makes it clear that power is increasingly centralized in the hands of a small number of organizations that are able to act as 'gatekeepers' to the online world and thereby exert an enormous amount of influence. The incentives and motivations of these gatekeepers may be totally misaligned with those of the groups built using their platforms and products, which may cause significant problems.

II. Trust

One of the key limitations of decentralized groups, which technology is argued to overcome, is the ability to maintain trust among more than a small number of actors in a group, who may not have any existing relationship or reason to trust each other. But do the various relevant affordances actually enhance trust? We can certainly enable a far higher degree of transparency, for instance, but it is not clear that this always results in higher levels of trust in all instances (and in fact, may actually reduce trust in some (De Cremer, 2016)). Radical transparency, if not implemented carefully, could bring significant new problems: for instance if a CSO adopted an approach that led to information which could be used to identify individuals or organizations working on contentious issues in certain jurisdictions (e.g. LGBTQ rights in a country that still outlaws homosexuality, such as Uganda), this might enable the government to imprison those people and the CSO in question would be inadvertently complicit. This could then damage longer-term trust in the CSO or the civil society sector more broadly.

Even where technological solutions do overcome trust problems (as in the use of blockchain and smart contracts to govern transactions) there is an important question as to whether they fundamentally solve anything, or merely shift the emphasis from trust in people to trust in technological infrastructure. If it is the latter, then on what basis do we trust the technology, and what have we gained (or lost) by shifting emphasis in this way?

III. Offline Connections & Experience

By lowering many of the barriers to group formation, digital tools have enabled movements to emerge and grow at a scale and speed that is unprecedented. In doing so, however, are there elements of value found in slower, more traditional approaches to movement building that get lost? This is one of the core arguments in Tufekci (2017):

“[T]he use of digital technology to quickly convene prodigious numbers of people brings these movements to a full-blown moment of attention to their protest when they have little or no shared history of facing challenges together. The minor organizing tasks

that necessitated months of tedious work for earlier generations of protestors also helped them learn to resolve thorny issues of decision making, tactical shifts and delegation.” (p. 75)

Likewise, when many activities or functions within a group could be automated or made far easier using technological approaches, are there positive externalities that we might miss out on? Some of the founding members of the Extinction Rebellion movement have highlighted the continuing importance of offline connections and interactions among group members when building a movement: *“In [the old] days, social activism was not mobilized through computers. There are many things we can do now that we couldn’t do then, but while information can perhaps inspire rebellion, it cannot build the mutual trust and solidarity which enables people to sustain that rebellion”* (Extinction Rebellion, 2019).

IV. Information & the Attention Economy

Technological advances have enormously enhanced our ability to find and share information and to create and distribute content. As a result, many experts believe that we now exist in an “attention economy”:

“In an information-rich world, the wealth of information means a dearth of something else: a scarcity of whatever it is that information consumes. What information consumes is rather obvious: it consumes the attention of its recipients. Hence a wealth of information creates a poverty of attention and a need to allocate that attention efficiently among the overabundance of information sources that might consume it.” (Simon, 1971, pp. 40-41).

The battle for our attention has become a core part of the economics of the internet, creating perverse incentives to produce ever-more extreme content and to avoid nuance in public discourse in order to keep us clicking (Roose, 2019). It has also resulted in the proliferation of numerous sources of information that are inaccurate or deliberately misleading. This places a new emphasis on our ability to consume information critically

and to question its sources - skills which many experts believe are still under-developed as a whole (National Literacy Trust, 2018). Without these skills, our ability to access information could be as much a curse as a blessing - and the further removal of expert organizations from the picture as a result of decentralization and disintermediation could exacerbate the difficulties further.

V. Leadership & Authenticity

Decentralized groups and movements are often 'leaderless', to reflect a core belief in avoiding hierarchies and concentration of power. Yet, as we have seen already, Freeman and others have questioned whether this is ever possible in practice, or whether by failing to choose leaders, any group which has publicly identifiable members simply cedes power to others to choose leaders or spokespeople for themselves. Have new technological affordance overcome this problem, or made it worse? Social media provides a powerful communication tool for group members, but unless communications is limited to closed channels (as, for instance, with a WhatsApp group) it also provides a means for those outside the group to identify its members and furthermore to assess which of them would make the most compelling "leaders" based on their online profile and social media activity. The danger is that this simply rewards those who are most adept at using the medium, or those whose views are most striking, but who are not representative in any way of the group as a whole.

VI. Altering the Nature of Philanthropic Decision-Making

We have seen that technology could enable the disintermediation of philanthropic transactions: potentially bringing us full-circle to a model of person-to-person giving that predates much of modern philanthropy. Yet part of the role of charitable organizations has always been to help donors balance the pull between head and heart, so that they can act on their empathetic and emotional responses but do so in such a way that they have confidence their money is being used effectively and that it is getting to the right recipients. What effect, therefore might large-scale disintermediation have on how decisions are made?

One possibility is that in putting the emphasis back on donors to choose the individual recipients of their gifts, we reintroduce far more human bias into philanthropy. Some of these biases may be unconscious e.g. our tendency to prefer victims of ‘natural’ rather than ‘man-made’ disasters (Zagefka, 2011), or the fact that we give more generously if there are images of eyes present to make us feel “watched” (Fahti, Bateson & Nettle, 2014), but others may be more overt. For instance, could we see a widespread re-emergence of the distinction between ‘deserving’ and ‘undeserving’ poor? If individuals are able to make direct appeals for funding, as they are for instance through crowdfunding platforms, is there also a risk that those who are most skilled at presenting their case or have the most well-developed networks profit at the expenses of more genuinely needy cases? (Kim *et al*, 2016; Kenworthy *et al*, 2019; Monroe, 2019). (Recalling, perhaps, Florence Nightingale’s criticism of voting charities as “the best system for electing the least eligible” (Kanazawa, 2016, p. 379).

We have already considered the possibility that technology could further strengthen the tension between head and heart in philanthropic decision making, creating new models of hyper-rationality and hyper-empathy. Data-driven algorithmic recommendations and advice on the one hand, and immersive empathy-generating experiences on the other, will present new opportunities for those in search of philanthropic funding to appeal to donors. The former may bring new risks of ‘algorithmic bias’ if the data sets on which the algorithms are trained contain historical statistic biases (O’Neil, 2016; Eubanks, 2018). For example, if a philanthropy recommender algorithm was based on data about past donation behaviour, the likelihood is that it would result in already-popular organizations and causes benefitting at the expense of less popular ones. The possibility of hyper-empathy, meanwhile, may raise concerns about the extent to which we are able to manipulate peoples' empathetic responses using immersive technology, and whether this is a desirable or ethically acceptable basis on which to base future philanthropic fundraising.

9) **Conclusion**

Decentralization is an important part of claims made about the promise of new technology. However either by accident or — some would argue — design, ‘decentralization’ is an inexact term. It is often used as a ‘floating signifier’ for a group of different (yet not synonymous) concepts, and to highlight different aspects of those concepts in different contexts (Schneider, 2019). As a result, tech-driven decentralization narratives may have a broad appeal to a range of different people and groups in civil society, because they can be interpreted as offering new solutions to long-standing and difficult problems of power imbalance, participation and organizational or systems-level inefficiency.

To better understand these narratives as they apply to civil society and philanthropy, it is important that we put them in the relevant context. We need to understand the historical and theoretical underpinnings of the idea of decentralization and its various interpretations; why decentralization has been advocated in different contexts; and why many attempts to decentralize have ended in failure. We also need to understand how this relates to the evolution of centralized and hierarchical structures in philanthropy and civil society and what the main driving forces in that process have been. We can then identify new technological affordances that are claimed to enable decentralization (or perhaps ‘re-decentralization’), and assess whether these affordances genuinely overcome known limitations or whether they are in danger of running into the same difficulties as previous attempts to decentralize (or perhaps entirely new difficulties).

Taking a more measured view in this way should allow us to understand better the relative strengths and weaknesses of centralized and decentralized approaches in philanthropy and civil society; so that rather than seeing them as existing in a zero-sum game we can identify the best features of each and seek ways to combine them. Winthrop called for such a re-evaluation as far back as 1967:

“The modern decentralist recognizes that there has to be a balance between centralized and decentralized activities in the communities, nations, and regions of the world...[It] requires only that we be clear about the separate areas of human concern in centralization or decentralization can be most appropriately applied... Where the decentralist is aware of developments in modern science and technology which can make decentralized social, political, industrial, and economic structures more viable in future – provided there is an increase in the general familiarity with these possibilities and a public willingness to adapt them to democratic ways of life – he is fairly confident that the worm will turn and that a better balance will be struck between centralizing and decentralizing activities in human life.” (Winthrop, 1967, p. 351).

This may be uncomfortable for existing organizations that have highly centralized or hierarchical structures, although the warm reception given to the ideas in books like Heimans and Timms’ “New Power” by many non-profits around the world suggests that there is growing recognition that radical reassessments of governance structures and operating models may be required.

It is equally important, however, that those who come from the perspective of technology-driven networks and social movements avoid caricaturing all centralization or hierarchy as inherently wasteful or ‘bad’. (Heimans & Timms, 2018; Schneider, 2019). Although some centralization may be reversible as a result of new technological affordances, if we do not properly understand why it occurred in the first place, the risk is that we decentralize just because we *can* and not because we *should*:

“Critical use of the decentralization frame should also avoid demonizing anything with a center. Centralized structures can have virtues, such as enabling publics to focus their limited attention for oversight, or forming a power bloc capable of challenging less-accountable blocs that might emerge. Centralized structures that have earned widespread respect in recent centuries - including governments, corporations and nonprofit organizations - have done

so in no small part because of the intentional design that went into those structures. Surely such intentional design is preferable, both philosophically and in practical outcomes, than whatever centralized formations appear by surprise when most people are talking about decentralization.” (Schneider, 2019, p. 28).

More research – from a wide range of disciplines including history, technology, economics, management theory and more – is certainly needed if we are to understand decentralization narratives and their relevance to philanthropy and civil society properly. The hope is that this paper provides some indication of how such a process of analysis might work, and why this is timely and important area of study.

The result of analysing decentralization in this way may be that it identifies new opportunities to transform how governance and operations in philanthropy and civil society work. On the other hand, it may be that in understanding better the limitations of decentralization, we in fact end up constructing more compelling and positive arguments for the ongoing value and importance of some degree of centralization, hierarchy or intermediation. Either way, the important thing is that decisions about the balance between centralization and decentralization are taken deliberately, with reference to the wider context in which they sit, rather than stemming from either rigid adherence to received wisdom or uninformed neophilia.

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