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The Covid-19 pandemic has laid bare America's racial inequalities. One glimmer of hope is that, after the brutal death of George Floyd, there is real pressure to address the unequal treatment that people of color have long inherited and endured. Some of the most thoughtful policy ideas are targeted not solely at racial inequality but also at income inequality. Because it tracks race, lessening income inequality is a step toward addressing at least one insidious dimension of racial disparity.

Universal Basic Income, popularized by Andrew Yang's presidential campaign, is one such idea. Federally funded and managed baby bonds, championed by Sen. Cory Booker, are another. Both aim to give money to all Americans in a way ensuring that those who need it most stand to gain disproportionately. But while the motives behind UBI and baby bonds mesh well with long-held American ideals of liberty and economic freedom, they involve mechanisms that do not: forced wealth transfers, increased taxes, and more government involvement in individuals' lives.

There is another way to give each American—regardless of race, color, or creed—access to an income stream. It would not cost American taxpayers anything. And, as an added bonus, it would use the power of the free market to build a more inclusive society.

Call it a "Universal Fund." Each American 18 or older would be entitled to a portion of its revenues, and have the ability to participate in its governance. The Universal Fund would require no government funding, no new taxes, and would not force anyone to do anything they object to. Like a sovereign wealth fund that invests on behalf of citizens, the Universal Fund would manage its investment portfolio on behalf of citizen-shareholders. However, unlike sovereign wealth funds that rely on government funding to bring them into being and are typically funded by proceeds generated from public resources, the Universal Fund would be built by corporations and private individuals with initial seed funds, and government could play a role by making contributions to the fund tax-deductible.

Like a mutual fund, the Universal Fund would be a pooled investment vehicle. But unlike a typical mutual fund, Americans 18 or older could sign up for free to receive a share. They would receive a proportionate share of any returns generated by the fund and corresponding shareholder voting rights. The Universal Fund would be funded by private donations of stocks, bonds, and other assets from corporations and individuals who have the capacity, as well as financial and moral incentives, to donate. The fund would periodically pass through net returns directly to its underlying participating shareholders in equal proportion and would be designed to grow in perpetuity. Fund shareholders would not be allowed to buy, sell, or bequeath their universal shares; after death, their interest would revert to the fund. Thus, the fund would continue to grow as donations are made. Returns from the fund may be modest at first but would be expected to increase over time.

The S&P 500 index's current dividend yield of about 2% is on the low end historically. If we assumed a dividend yield of 2.25% for the stocks in the fund's portfolio and that almost all of the 227 million American adults signed up on day one, a $1 trillion fund would generate $100 for every participating shareholder each year. Holding everything else constant, if we assumed that only 100 million eligible Americans signed up, the fund would generate approximately $225 annually for each fund shareholder. By way of comparison, after starting small, the Alaska Permanent Fund, created out of the state's oil wealth, is valued at more than $60 billion and pays dividends of roughly $1,000-$2,000 annually to each resident.

The Universal Fund would be run by professionals tasked with executing only limited, predetermined functions, which would mirror and support the overarching goals of the fund to provide a steady stream of returns and to promote greater democracy in the corporate sector. While the fund would not sell or trade any shares of stock held in the fund portfolio, the fund could be designed to allow citizen-shareholders to influence how shares held in the fund portfolio are voted. This would give real power to hold our largest corporations accountable not just to consumers but also to society as a whole.

The current national crisis is a stark reminder of how race intersects with wealth and income inequality. Blacks are dying and losing their jobs at higher rates than whites. The problems long predate the pandemic. Blacks are paid less than whites at every education level and have an average net worth equal to only 15% of whites. The protests today are about race and police reform, but also about the inequalities felt by communities of color over generations and across multiple dimensions, one of which is income. As opposed to temporary fixes like the expansion of unemployment benefits under the Cares Act, imagine what a steady payment from the Universal Fund could mean to families at this time as the U.S. unemployment rate soars. Even an extra $100 could mean a rent payment, a medical bill, or food on the table. In the long run, for families it would mean increased savings, college tuition, or even basic economic dignity.

A Universal Fund is undisputedly a big idea, but it's time for a big idea rather than business as usual.

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