

The DAOist-Mindset Manifesto

“A problem cannot be solved at the same level of thinking that created it.”
– Albert Einstein

Abstract:

The following dissertation makes three arguments for the new level of thinking necessary to the creation of DAOs:

1. *Organic assembly around a business purpose creates an Organism, not organization.*
2. *DAO value must be synthesized not hyped as is done in the centralized world.*
3. *Consumer-credit is a violation of the double-spend rule, investment-credit is not.*

Of all the collectives in nature:

Throughout the history of mankind, every major advancement is marked by a notable shift in thinking. Since the advent of Blockchain as a technical device there has been growing, in the communities of cryptocurrency, a yearning to solve a problem. While it looks like centralization in its various forms, the real problem is a lack of freedom. The freedom to escape the restrictions, and burdens of, fiat currencies and all the societal constructs of the capitalistic corporate taskmasters. The underlying problem is a servitude mindset.

Driven by the pain of servitude there has been invented the idea of a **Decentralized Autonomous Organization** (DAO). It's idealized that hordes of people will come together through a smart-contract mechanism to perform some kind of business function and equally reap the benefits. This ideal is felt to function somewhat like a bee hive where there are thousands of worker types doing the various tasks necessary for the survival of the hive as a whole. Because there is no apparent hierarchy dictating the worker's work load, this idea gives us a sense of relief from the feeling of servitude. We conceptualize a world where each of us is free to do the work we enjoy and not answer to a taskmaster who presses us into a box that restricts our creative flow. We picture ourselves in this world a valuable part of an organic relationship with others addressing the concerns of the whole body who have organically joined together to get rich. Ah, that will be the life, when DAO's give me a place to get paid well for doing only what I enjoy. This Utopian environment is a passion in some, and in others only a whimsical hope for the future, but it is the common picture of the DAO future built on Blockchain tech.

We must first recognize that in the midst of idealizing this perfect new world we defeat the possibility of it, by the stain upon our way of thinking that is the corporate hierarchical construct; that view and paradigm of an organization. While we are musing about *living* as actors in an *organic* world, we label it as *inorganic*; in our hive *there must be a Queen* for whom we all labor. The root of the problem is that we are attempting to envision a life we have never actually experienced so we have yet to develop a way of thinking that supports the vision.

The idea of people being organized into an organization immediately causes, in each of us, the question: “Who is in charge?” This is the reason that the “*Decentralized Lifeforms*” of our future idealization have yet to come into existence; because we have been programed to look for a leader to

be the head. This happens on a subconscious level and is the saboteur. We must first change our way of thinking, before we can think in new ways.

We must first conceptualize an Organism, then translate its attributes to the landscape of Blockchain. We will then be able to conceive of a living, evolving, Decentralized Autonomous Organism filled with the vitality of a thousand creative minds, all alive in their various contributory capacities.

Rather than mindless drones in a beehive slaving away to support the Hive; an army of automatons dutifully driven by the Hive-mind, we are better served by the representation of an *Ant-colony*. Yes, there is still a “queen”, but what we gain from this form of collective activity is the characterization of industrialism. Not the simple industry of the Bee whose apex of architectural achievement is that of the honey-comb with its most efficient geometry, but it is the ant’s ability to solve problems that best serves our vision of a Collective-Organism.

Separated from their food source by flowing water, the ingenuity of the Ant will build a bridge to traverse the barrier. This adaptive quality will be the hallmark of the Human-collective, but only in a social environment that fosters the necessary cooperation. This kind of achievement is the product of something much more powerful than the Hive-mind is capable of addressing. Members of the colony who are not present, on scene of the construction, are not called upon to participate; the achievement is independently accomplished by the select few in attendance to the challenge. Likewise, rather than a centralization of design and specification generated by the corporate hierarchal practice of organizational computation wherein *the Architect* dispenses instructions to be carried out by those mucking in the mud, a relatively small group of ants successfully address the problem they are immediately presented with. There is no centralization, and there is no waste of the collective computational capacity; members not impinged by the problem are not even made aware of it.

Instead of drawing on some accumulative computational power held in the collective as is imagined to be the Hive-mind, there is a simple element of recursive experimentation that compounds into the solution. The few ants on scene of the impingement take the risk of innovation and consecutively fail, learning from each iteration and finally succeed where a different species of insect would never even attempt a solution. This quality of independent activity is the antithesis of the Hive-mind, it is not servitude to the Hierarchal-head of the organization, it is something completely different, it’s the manifestation of the Synergistic-mind. Adaptivity is the resultant product of tapping this very Human capacity which is only present in a supportive social environment. If we are ever to create DAO-(organisms) we must first construct the social environment that inspires Adaptivity.

Looking again, to natural organic achievement by large groups of individual agents gathered together in collectives, the *Agility* of schools of fish and swarms of birds is instructive. The predator fish strikes at the school which instantly makes a hole for it to pass through, out of reach of any individual. There are often thousands of individuals in the school yet they act as a whole organism to evade the threat and preserve the life of the individual. This is not an observable phenomenon among large groups of Humans, except under certain social conditions. If a car were careening into a crowd of people, the efforts to escape by those directly in harms way would be thwarted by pressing against others not directly effected. This has to do with the elements of social influence that cause resistance rather than cooperation along with an inability to communicate the danger quickly enough to solicit an effective response. Yet when these detrimental factors are avoided, masses of people can be aligned into a united response resembling the collective-agility of a school of fish. An easily observable example is that of a

riot after an emotionally galvanizing event. Likewise there have been peaceful protests and large scale movements that function with an obvious collective-agility.

The murmurations of a starling flock is one of the most telling representations of Agility among organic collectives. It has been concluded that the phenomenon is the result of each individual coordinating their movements with their seven nearest neighbors. In a DAO-(organism) this could easily be accomplished by the use of a simple rule-set that ensures all members are accurately and immediately informed of changes in the very rudimentary dimensions defining such things as Market-fluctuations, Capitalization-flow, and Supply-chain logistics.

Decentralized Autonomous Organisms will naturally form (organically) in an **Agile Adaptive Business Environment (AABE)**. Changing our way of thinking about hundreds or thousands of people gathering around a business purpose as functioning in an organic way rather than an organized way, opens the door within us to create an environment that will sustain this kind of life-form. In a similar regard to the fact that all DNA life-forms can only exist in a supporting environment, AABE life-forms require certain elements to be ever present in their environment. The *trust* afforded by Blockchain technology is only one of those elements, the others are social constructs that are not-hierarchal (as are those we carry with us from the traditional corporate world). We must first divorce ourselves of our mentality of servitude and adopt a cooperative mentality, where each member of the collective is as valuable as another measured only in terms of actual contribution. In such an environment an individual's reputation is one's greatest asset, not a resume littered with lofty titles.

Synthesizing value in a closed economic system:

The next major context of elevated thinking is in regard to another carryover from the corporate mindset, that of public offerings of shares. In the crypto-world these are called **Initial Coin Offerings (ICO)**, which are treated just like a stock sale. Driven by hype there is a feeding frenzy which consequently drives the price of a coin/token up, inflated far beyond any actual value represented thereby. Just as stocks are traded upon the perception of value, that new coin is gambled with, by positions predicated on spurious predictive analysis of its trending history. In reality, the trading price has no relationship to the actual value held in the corporation or whatever spawned the crypto-Coin.

The idea of an ICO is an insult to the philosophy of cryptocurrency, which is the same as any form of currency; all currencies are instruments which communicate value from one holder to another. The tenets of cryptocurrency are threefold: transaction privacy, a finite volume to eliminate deflation, and universally communicable value. This last idea is the principle function of any currency; to be a medium of transfer from one to another by means of a commonly held worth. It is the social agreement that the instrument of transfer carries a certain weight of value which makes it functional. That weight of value (the currency worth) is derived from the use of it to carry value from one to another.

The simple concept of someone who has an excess of eggs and wishes to trade a dozen for some bread and fruit requires that there be someone with an excess of bread and fruit who wants eggs. If not, then you must find someone who wants eggs and is willing to trade something that is desirable to the guy who has the bread and fruit. You are trading what you don't want, for something else that you don't want, but that is wanted by the guy who has what you do want, this other-thing becomes a currency. In the end everyone is able to get whatever they did want, by trading what they didn't want. This is the

job, the function, of a currency; to be the thing that nobody actually wants, but that helps them get whatever they do want, and that's the only reason to want the currency.

The problem solved by any common currency is the elimination of the barriers to exchange of goods and services. If it is not performing this function it is not a currency, it's something else. An actual currency comes into existence by convention of society. It could be anything that a group of people agree to use for this function, and when they do, it is the creation of an economy. Whatever the thing is that serves as the currency, it is passed from person to person in that group as it facilitates the trading needed for everyone to get what they each want. The size of the group and the frequency of trade define the size of the economy. This is a closed system. All economies are closed systems, made up of only those people who use the common currency for its functional purpose. All others are merely spectators who gamble upon fictitiously generated perceptions of value.

When a crypto-Coin is propagated and traded as if a stock, it is not a currency, it is a non-dividend, non-voting share of a non-entity. What it actually is, could easily be debated, but it is definitely not a currency. Unless the propagator is intending to issue shares (or, as has been the case, fictitious shares) of a *corporate-kind of organization* there is no need for a DAO to define itself by the generation of yet another coin/token. On the other hand, if there were a number of DAOs (organisms) who had the intention to do regular business one with another, they would be in need of a common currency to facilitate the fluid movement of value among themselves, and that would be a valid reason to generate a new cryptocurrency.

If we now imagine an economy constituted by the financial activity of dozens of DAOs (of the AABE life-form) all conducting their business with a single cryptocurrency, we have an actual business ecosystem. Giving more depth and clarity to this ecosystem, if we imagine that the birth of a brand new AABE-DAO could be the product of a couple entrepreneurially minded individuals who's conversation about a business notion is recorded upon the Blockchain in the form of a smart-contract that spontaneously formed their partnership agreement, we would be imagining an Entrepreneurial Economic Ecosystem. Taking that initial conversation a step further to evolve the *business-notion* into the actual promise of a viable business is to develop the basic *business-equation*. This is the rudimentary mathematic that suggests a profit could be made by the enterprise. If indeed the partners are successful to this point; *notion plus equation* are the conception of a new entity. On the Blockchain, the conception of a new AABE-DAO is that simple, given that there is a fertile environment. In this rudimentary business formation there is potential to grow the most successful enterprise, there is a value greater than the sum of its parts; a synthesis of value.

There must be an environment where the conversations that conceive an AABE-DAO are natural to the Humans who organically gather into the collective of the new entity. It needs to be a collaborative space that makes those conversations easy to record on the Blockchain in the construct of a shared equity, guaranteeing each contributor a stake in the Brand that they are mutually creating. This simple user-interface allows the *partnership* to automatically transform into a *Franchise* of many members. In this space it is safe for others to join the conversation and advance the business purposes because each of their contributions is recorded ensuring them a Claim on future revenues. More value is added to the embryonic AABE-DAO as the conversation grows, refining the nature of the enterprise into specific processes along with the solving of problems, by each contribution. A small cluster of Entrepreneurial Freelancers are all accumulating value in the Franchise contract which will eventually be paid out to them in the common-currency of the economic ecosystem. This is the synthesis of value into that

currency; the combining of all the necessary elements to create the business entity. Each individual contribution is valuable to the AABE-lifeform and when it is birthed into the marketplace where it begins to conduct its business all that value will be communicated to its Collective by the common-currency.

This *Entrepreneurial Economic Ecosystem*, wherein AABE's can exist, is called **The XU** (pronounced zoo), which is an acronym for the phrase eXremcreo eUfacio (*Latin & Greek compounds*) meaning: **“Well-formed and enabled from business purpose/cause.”** The XU, is at it's most fundamental level, a marketplace where Freelancers of all types can find opportunity. In the XU they offer their skills as a commodity-on-contract and compete for the best opportunities. This marketplace serves to resource the various Franchises living in the XU, who in turn provide opportunity to the variety of Freelancers. This, the XU, is the fulfillment of the idealization of a DAO-world which has been held at bay for so long, by the impingements of the traditional corporate organization mindset.

The XU is the concept of a fertile environment that naturally marshals the entrepreneurial energy of disparate individuals into organic collectives that have all the attributes of the most agile and adaptive collectives found in nature. It offers a closed economic system wherein the common-currency (XUCoin) facilitates the gathering of individuals who add value in the forming of, and operation of, Franchises who all transact their business with XUCoin. This synthesis of value into the currency is mutually attested to by every transaction it facilitates. As that economy grows there is actual Human value backing it, not just some speculation of wealth.

Obviously there is a need and facility for conversion of XUCoin into whatever other form of currency needed by and by. This is the economic interface of The XU with the outside world. Rather than an *Exchange* whereon gambling is conducted, XUCoin is converted through an Interchange of value-for-value with some other economic system. We must raise our level of thinking from that of our former experience in the centralized-corporate-world to a mindset that supports a healthy economic wealth. *Interchanges* are for the conversion of values between various currencies, not for the betting upon the success or failure of the economic systems represented by tokens, as is practiced on exchanges.

To summerize, a token is only a currency when it performs the function of transfer of value from one to another. Within The XU there is no need for ICOs because the capitalization of an embryonic Franchise is no different than its gathering of skills. As value is synthesized into it, the necessary financial resources are attracted to it in the form of contracts, each a contribution adding value and creating a claim on future revenues. Capitalization naturally happens in a crowd-funding sort of way. Driven not by hype, but by the accumulation of wealth around the business notion and equation that actually gets traction. In this way the economy grows wealthier by the activities between AABE-Entities who are each amassing wealth by every contribution of their members, which is the synthesis of actual value.

The scourge of consumer credit:

Thus far we have refined our idea of DAOs to be actual *Organisms* rather than organizations, we have clarified the critical attributes of living organic collectives as *Agile and Adaptive* and then we grew our understanding of the function and form of an actual currency to be: the communication of value. Finally we introduced the idea of *The XU* as an *Entrepreneurial Economic Ecosystem* wherein AABE-

life can spontaneously form. Next we need to clear and cleanse our minds of the scourge of consumer credit.

Fiat currencies (and economies) are at the mercy of the governments that issue them. We are all well advised with the understanding that it is a division of the value held by any currency for more of it to be printed and introduced into circulation in the economic system. To simplify the picture of this reality all we need to imagine is a whole of something divided into 100 pieces and give you 50 of them (1/2). Lets say that the representation of your 50 pieces is a bag of 50 marbles held in your hand. The rest of the whole is the other 50 marbles which are in the hands of other people. You and the other people use the marbles to trade back and forth as a currency. But then the government comes along and makes another 100 marbles and begins to trade them with you. As soon as they are all in circulation there are 200 divisions of the whole economy. Now your 50 marbles are only, one fourth (1/4) of the whole. Your portion of the whole went from a half, to a fourth, it was reduced by the increased divisions. This is what happens when a government prints more money; it deflates the value of the currency and inflates the cost of goods and services. Things cost more simply because the currency is worth less; your purchasing power is reduced.

The reason the government ends up printing more money is because the debt burden has become insurmountable with the volume of currency in circulation. An extreme simplification of the economic cycles and factors of cause and effect that lead to this condition is that when we borrow from a bank or private lender we are actually borrowing from our-future-self. Spending now, with money we must pay back in the future, means that Our-future-self will have less to spend, unless we increase our earning power by then. So, when we borrow, we are banking on the Debt created by our Over-spend to make us more productive (investment-Debt), if it doesn't (consumer-Debt), we become burdened by the weight of repayment. At some point the payments on the Debt exceed our income, we are effectively bankrupt. At this point we either stop making the payments, or we go hungry. It may come as a surprise that 100% of us will rather feed our families than make good on the promise to pay the money back. Everyone whose *Debt-burden* grows greater than their *Income*, will default on the payments. This is the problem with *Consumer-Debt* in any economy, it takes time to get there but, it always leads to death. Either the Debt dies, or your family starves to death. Which will you let die?

Now, if we look at the whole economy which is made up of millions of individual families, a certain percentage of them can go bankrupt and the Debt that dies can be absorbed by the rest. But *Consumer-Debt* doesn't increase earning power so an economy that allows it, will eventually grow the number of bankruptcies which is the Debt-burden on the whole economy. Just like with the individual, at some point the payments on the Debt exceed income, then the whole economy (made up of a single currency) is bankrupt. The solution to this problem is to print more money.

When more money is put into the system, the effect on the *Debt-burden* is the same as it is on your purchasing power, it is reduced. Governments grow their economy out of bankruptcy by printing more money in a balancing act of these two reductions. The benefit of reducing the *Debt-burden* is balanced against the harm of reducing *Purchasing-power*. If the balancing act goes well the Fiat-currency survives and the economy gets a re-start, a do-over. If it doesn't, the Government just kills the currency and creates a new one to wipe out the *Debt-burden* (which was that required payment in the form of the dead currency). These are simply the economic mechanics of an economy that allows *Consumer-Debt*, which causes death anyway it plays out. Nobody is to blame, it's just the way the machine works.

Now we get to the really big problem with cryptocurrencies which are used for *Consumer-Debt*, the mechanism of these systems (coded as a finite volume to eliminate deflation) prevent the printing of more money. This simply means that when the *Debt-burden* grows too large there is no way to revive the economy and it will die. This is not a bad thing, it's just a cycle of life thing. Currencies are born, live for a while, then they die, cryptocurrencies are no exception.

If that were not reason enough to eliminate *Consumer-Debt*, it is an apparition in the crypto-world, it is the specter of sinisterism. Looking at *Debt* through the lens of the fundamental cryptocurrency philosophy, it's a *Double-spend*. This can easily be seen when we check out at the grocery store using our debit-card. Say our purchase sums to \$100. Processed as a debit, it lowers our account balance by \$100, this is a single-spend. But if we opt to have it processed as a "*Credit*", our available balance is not effected for several days. We are then able to go to the clothing store and make another \$100 purchase with the same money, this is a ***Double-spend!***

The *Double-spend problem* was solved by the invention of the distributed ledger which is now called a Blockchain. To allow *Debt* on a Blockchain is to introduce *Double-spending* which violates the reason the tech was created; it un-solves the problem. The architecture of *Trust* created by solving the problem of *Double-spending* is violated because the currency itself becomes cancerous with *Debt*. *Debt is a death sentence* written into the Blockchain as soon as it occurs in the ledger. This is the technology that makes the idea of DAOs possible, so a death sentence written there is a death sentence for every DAO built upon it. To solve the *Double-spend* problem (again), protecting our DAO environment from the cancer of *Debt*, we must first elevate our thinking above the servitude mindset created by, and for, the benefit of Credit-masters who seek to enslave the populous.

Why is *Consumer-Debt* so popular in all *Fiat-currency* economies? Because it's a wealth concentrator. Those who would gather wealth unto themselves at the expense of others create systems to enslave the consumer; keeping them caught in an endless cycle of poverty. That credit-card is the lever used to twist the Consumer's arm, binding them to work long hours, servicing their *Debt*, to make their Creditors rich. Enticements like "*six-months interest free*" are designed as snares that yoke most people to the task of feeding the Credit-Master on a 30 year schedule. They offer you 6 month free so that they can bind you for 30 years; sounds like a great plan for some, and a life of suffering for others.

The DAOist Mindset must eliminate the possibility of *Consumer-Debt* within the closed economic system created by the XUCoin cryptocurrency. Our mindset must be committed to the integrity for which the Blockchain was originally invented, that of creating *Trust* by eliminating the possibility of a *Double-spend*. This is to say that within the XU environment (that closed system of its economy) there must be protections against the creation of any form of *Consumer-Debt*, while at the same time, mechanisms for the use of *Investment-Debt* are necessary.

When we receive goods or services today on the promise of future-payment we create a *Debt-obligation*. This naturally happens in the normal process of a DAO facilitating contract work contributed by its members. Every contract defines a value that is contributed before payment. Every work contract creates a *Debt-obligation* which weighs upon the DAO until it is paid. The difference here is that the worker's contribution increases production and creates, for the DAO, a **Return On its Investment (ROI)**. Therefore the obligation is ***Investment-Debt*** not *Consumer-Debt*. Carrying this simple realization a step further. Capitalization of a DAO is an Investment on the part of those who

contribute the Capital, it likewise creates an obligation to be paid back by future revenues. If it is managed well and the enterprise flourishes the Debt-obligation creates a return on that investment (an ROI) for both the DAO and the Investor. Otherwise, it was a poor investment and must be absorbed by the Investor.

Therefore:

In conclusion, anyone who wishes to be a part of a DAO with longevity, must view it as an Organism that forms naturally as individuals are organically drawn together around its business purpose. This means that the traditional perspectives on hiring employees into the corporate space will impinge the gathering and growth of the collective. These (the HR dept. views) must be replaced by a perspective on identifying the best person for the task/function (not job) through a natural collaborative process. Imagine that you are tasked with a responsibility that partly requires a skill you do not have. You need to delegate that part to someone else, so you start a conversation thread about it in the Freelancer Marketplace. Within a couple hours you have a handful of prospects who are talented and experienced in the area, and they are discussing the best approach to the project, with you. This initial collaboration refines the scope of the responsibility needing to be delegated, and gives each of them an understanding of how you think and interact, your perspectives on quality verses quantity, other elements of concern like parallel or conjunctive work-flows and the culture of your Franchise. You conclude the thread with a request for functional proposals from each of them. In a day or two you have three propositions, each with their own unique perspectives and approaches, along with their time and cost projections. You realize that one of them is definitely not a good fit, your views are not aligned, which leaves you two viable prospects. Individual negotiations begin, and a day later the responsibility is formally delegated to a highly skilled Freelancer with whom you have already established a synergistic relationship. This is the gathering of like-minded individuals into a skills-collective which is **adaptive** and **agile** because they are all organically aligned by the business-purposes and community-culture. No HR department will ever be able to deliver that, because instead of a competition a DAO is a collaboration.

This is a paradigm shift on a fundamental level, it's the difference between an employee and entrepreneurial mindset, the difference between operating as a conqueror or collaborator, adversary or ally. One of the salient elements to the vitality of The XU is that it will only attract people who resonate with the belief that an authentic representation of who they actually are, is much more prosperous than pretending to be what someone else wants them to be. Freelancers who feel comfortable in an environment like this will naturally be more prone to collaboration than competition. They will naturally come to the initial informal discussion about the prospective contract offering real value to the conversation. For them it's the perfect opportunity to strut their stuff and differentiate themselves authentically, not fraudulently as is common practice in the corporate world.

In an AABE-DAO, once you have earned a contract, by your authenticity, you are empowered with the authority to carry out that specific responsibility every whit. This means that the next day you could be posting conversation threads in the Freelancer Marketplace seeking delegates for segmented parts of your contract. The collaborative process described above ensues and within a week you have assembled a uniquely qualified team of operatives that attack the obstacles to your success with passion, precision, and persistence, each one unified by an instinctive immeasurable element

reminiscent of the ants building a bridge across the water barrier with their bodies. This is impossible in the corporate world, it is impossible with a corporate organization mindset.

To carry the scenario a step further, in the Entrepreneurial Economic Ecosystem of The XU, as you and your team prosecute your mission responsibilities, finding that there is a seamlessness to the way you function together in the context of that kind of work, you are struck with the possibilities. This realization spurs a conversation suggesting the *Business-notion*: There is enough work to occupy your team as its own DAO. From there, it only takes a little effort rounding out your team with supporting skills to form yourselves into a whole new AABE-Franchise.

A week or two later you are negotiating contracts for your new Franchise with other Franchises in The XU. This is accomplished in the very same way that the delegations of responsibilities were described above. Whether you are representing yourself individually, or your pre-assembled team, it is the same. This time, as you negotiate, you have an advantage in the fact that your team is already assembled and accustomed to working together so you can offer a more solid cost and time projection. This is doing business in The XU, an Entrepreneurial Economic Ecosystem where AABE-lifeforms are natural. This is an environment where the true DAOist flourish, and corporate holdovers perish.



To solve the problems created by centralized corporate constructs we must
elevate our thinking above that which created them,
we must conceive of organic decentralized agile adaptive collectives,
currencies that carry actual value,
and spurn the practice of the double-spend,
we must think as DAOists.