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Hu — a new economic protocol system that regenerates, redistributes and protects natural resources.

Blockchain Ecology: The Key to a Prosperous Economic Future

Never heard of a 'blockchain ecology'? That's probably because few are considering it, and it is critical in building polycultural systems.

You may recall, around six months ago, a wave of hacks became what was known as the #EthereumFlashCrash. Essentially, this was one of many breakdowns in the Ethereum 'system', along with others in the crypto space, that revealed a bunch of vulnerabilities, to include security, smart contracts, wallets, asset creation and collateralization, as well as open governance.

To be clear, this is not in any way an indictment of Ethereum. What it does call to attention is a serious gap, a flaw, in the way blockchain systems are currently designed and built.

Truth is, the Internet itself is **not** a **decentralized infrastructure**, despite all of the hype around aspects of it being as such—for one, the se-

ries of underground and underwater cables that it runs on are not owned by citizens, even if they are taxpayers and shareholders in the entities that operate them.

In the case of Bitcoin, Ethereum and other cryptos, they exhibit *decentralized variants*, but they are not truly decentralized systems. Not yet, at least.

Decentralized variance simply means that a protocol can take on attributes or behaviors such that it can bypass the normal ways people exchange, trade or redistribute assets, such as currencies, or ideally, natural resources and civic utilities, such as energy.

If you factor in all the hoopla around **net neutrality**, you can also posit that we have just scratched the surface of designing and building systems that actually represent deep social and ecological conditions.

As for decentralized infrastructures themselves, groups like Holochain have developed integrated hardware and software systems that enable the creation of, and compensation for, things like redistributed applications.

Welcome to Holochain

A holochain application is run entirely by the people who use it. This enables direct... holochain.org



So, what we need to consider is that in order to get to 'next' on blockchain-driven ecosystems that can break free of the restrictive models found in **monoculture**—from monopolistic searches (Google), to monopolistic social networks (Facebook), and bias-driven communications (Twitter)—we have to look at *whole systems* themselves.

Smart Ecologies

An ecology is essentially a system of interactions between organisms and a given environment. In this context, a **smart ecology** considers organisms to be the people, the communities—along with the social, economic and environmental factors driving them—which interact in ways

that are more equitable to more people, and which regenerate natural resources as well as social/intellectual capital.

Here's an example.

What you can hopefully see here is **the real boon in the blockchain equation**: Merging digital and physical assets to optimize living + working conditions.

We (as in, <u>our group</u>) developed Smart Ecologies as a means to create living and working systems primarily out of distressed assets. In the example above, the land development is one of many in the U.S. and

abroad that have been completely abandoned, yet, they reside next to railways, waterways and major rural and urban centers.

The point being there are preexisting assets that can be used to create many more jobs, many more resources, and many more ways for companies and institutions to test solutions, in market, that can have real **civic** and **commercial value**.

A rapidly developing solution set.

As we encounter the challenges of **complex adaptive systems** of all types, it is incredibly important that we also provide a means for adaptation itself, meaning that we don't need to *control* how they operate or how they are governed, but rather, we can *quickly develop protocols to improve them*.

Traditional management consultancies, such as McKinsey, have rightly illustrated that vertical industries, as one example, are now 'going horizontal', such that supply chain infrastructures can actually share, and must share, resources, due to changing economic conditions. These are typically thought of as product or market ecosystems.

Monopolies such as Amazon have seized upon the massive opportunity to enable these ecosystems through a set of quick delivery systems. Judgments aside, this also means that they have yet to address **the revitalization of local economies**.

Why is this so important?

Because if local economies aren't revitalized, people won't have money to spend on products and services. In fact, they will barely be able to work, let alone live.

A **polyculture**, therefore, is one in which people can live and work on their own terms.

Monetary systems, as one example, are strictly **monocultural**, even if frictionless payment systems and the like are introduced to banked as well as unbanked people.

And this is precisely where the blockchain can transform civic society, often times through business, but not exclusive to business practices as we commonly understand them.

With Smart Ecologies, we see a two-fold solution for local-to-global economic growth, and it involves the design of solutions that are truly integrated.

- 1. We can leverage preexisting infrastructures to transform supply chains and local civic + commercial systems;
- 2. We can reappropriate a huge amount of private and public capital (liquidity) to do this—in the hundreds of trillions.

Here, a 'whole ecology' represents a 'system of systems' that can leverage each other's capabilities to restore value in local economies, and can be replicated, with variance, across those systems.

More simply put, we fuse *ecologies* with economic conditions and economic solutions.

As for assets and currencies, we, as a society, will likely reach a point soon whereby the assets in the form of civic utilities we do create will call for many forms of blockchain enablement—which, in our view, is also one of the great promises of cryptocurrencies.

So, there are six fundamental precepts for this critical shift:

- Assets cannot be purely digital nor speculative per any network if they are not to be gamed or severely manipulated
- Tokenization on its own does not necessarily provide collateralization, security, intrinsic value or (non)elasticity (and this is irrespective of replacement or complementary roles of a currency or token)
- Elasticity should not be confused with volatility
- Participants—stakeholders & investors—must be beholden to governance that includes their own reputations inside a network, over time, rather than outside
- Attributes regarding reputation must include earned trust, civic utility and ecosystems integration
- Networks themselves must be truly extensible for decentralized variants to be present (nothing is really decentralized—this is a myth!)

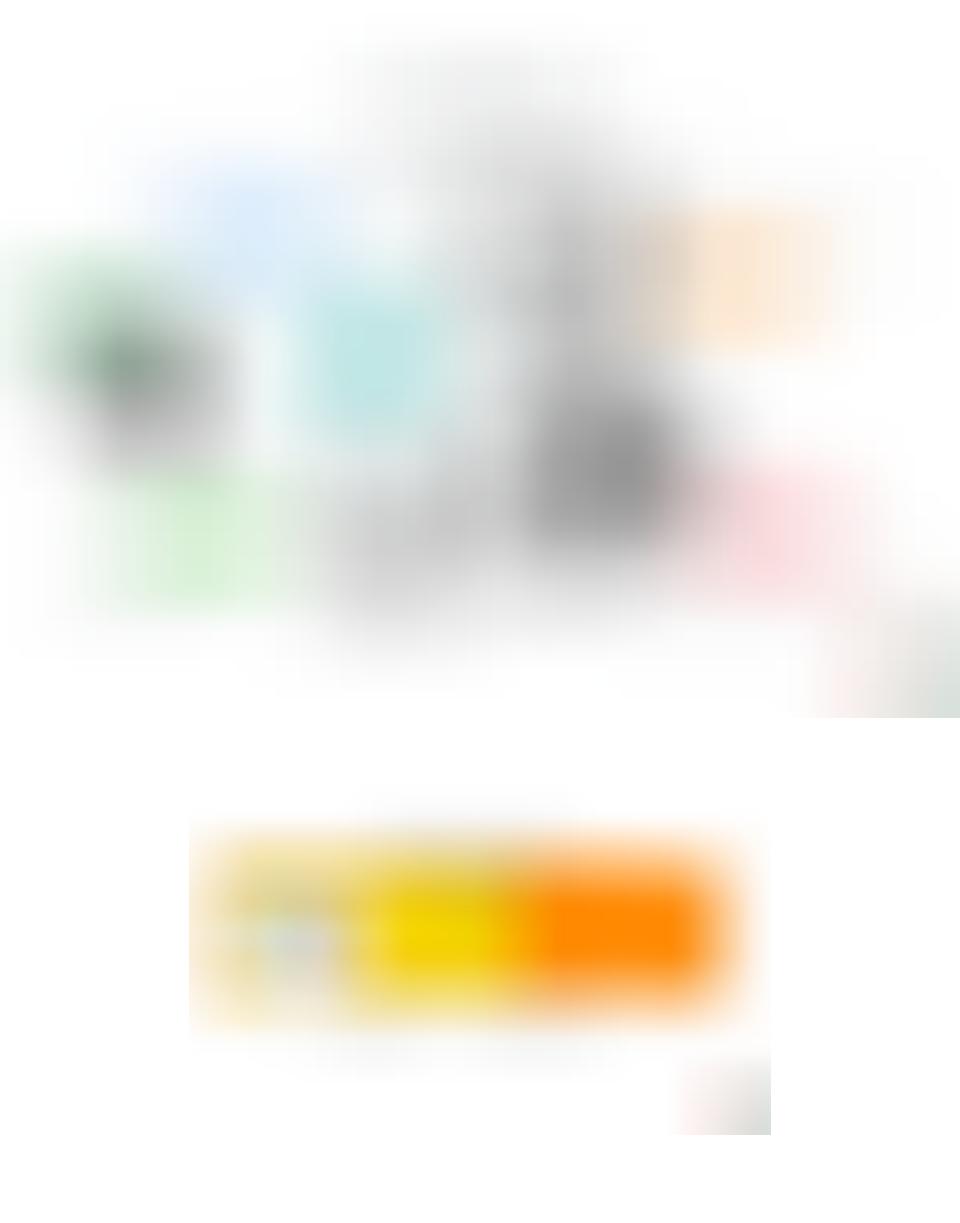
It's time to take economic fundamentals seriously so that we can create viable alternatives for many stakeholder types rather than just money grabs for select investors.

To add, there is also a lot concern about how blockchain mining operations—with Bitcoin in particular—use up wasteful amounts of energy.

To that end, we are currently developing:

- an ecologically variant <u>blockchain</u> (includes a net zero energy footprint)
- an asset exchange for protecting/regenerating natural resources
- a dividend & royalty model for participation

Here's what some of that looks like:



In the coming weeks, we will release more information on our economic protocol system, **Hu**, which stands for *'Human'*.

In the meantime, keep the faith, because amazing economic solutions are in tow!

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Gunther Sonnenfeld is a founding partner of INSURGE, which includes a futures group (consultancy) and its core intelligence platform (technology + journalism), that provides solutions for the biggest issues we face on the planet. INSURGE Intelligence is a part of the

PRESSCOIN suite of platforms built by <u>Higher Order VC</u> that endeavor to revitalize independent media and restore democracy. Presscoin is to date the largest media ICO/crowdsale in the world.

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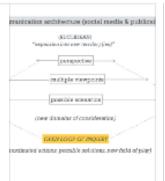
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