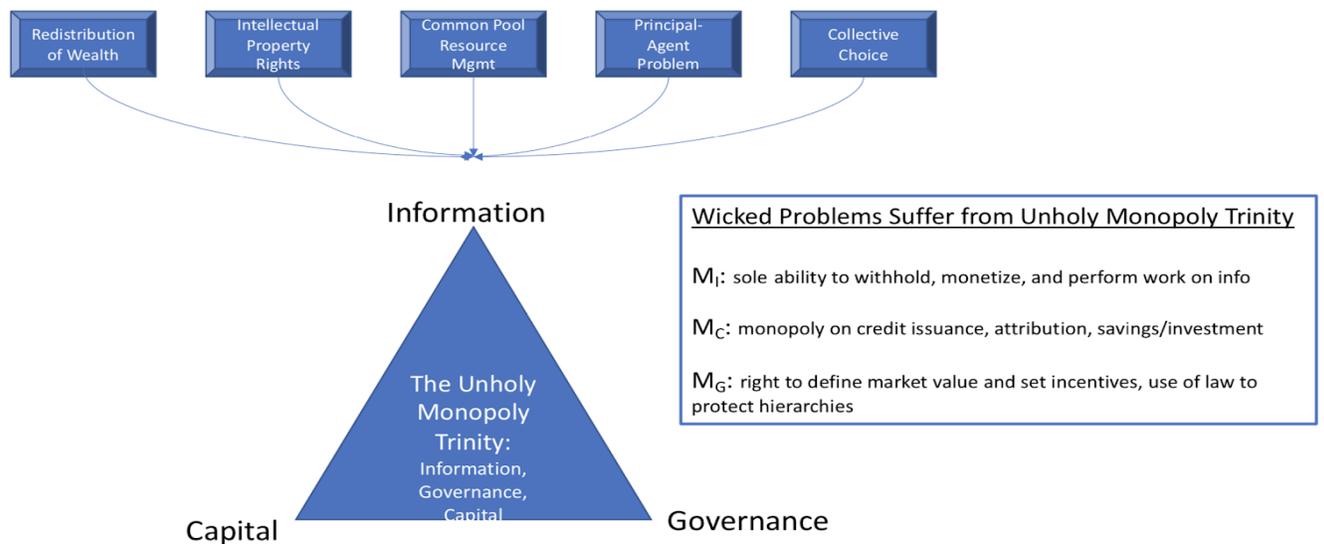


Eve Guterman – Progress report – February 2021

The Monopolies Behind the Wicked Problems: Decentralizing Institutions for Equality

The classic monopoly model offers a compelling description of the dangers of centralization and concentrated power. Any monopoly-dominated market is characterized by substantial direct and indirect losses of value to individuals, consumers surplus, and a substantial direct and indirect loss of value to society. In the modern era, these monopoly dynamics lie at the root of all of the wicked problems we experience in our lives as social beings.

The central argument of this study is that a generic solution to the fundamental derivatives of the institutional structure of monopoly-dominated markets may go a long way towards helping us devise practical solutions to some of the most troubling wicked problems of social organization, leading to greater equity, equality, freedom, and growth. This study focuses on specific monopolies over three fundamental variables: information, governance, and capital. These three categories of monopoly control represent the common denominator of modern monopoly power, and the ways in which they interact to create and protect socio-economic inequality and exploitation.



This theoretical framework informs our **primary research question**:

Can DLT's contribute to minimizing or eliminating the loss to individuals and society born of monopoly centralized control?

Evaluation of this research question will be carried out via an empirical case study analysis assessing the following **three hypotheses**:

H1. A DLT intervention that *breaks monopolies on **information*** will mitigate the ***principal agent problem*** and result in *increased competition, increased individual purchasing power, and increased social welfare*.

H2. A DLT intervention that *breaks monopolies on **governance*** will mitigate the ***public goods problem*** and the ***property rights problem***, resulting in *increased social welfare*.

H3. A DLT intervention that *breaks monopolies on **capital formation*** will mitigate the ***redistribution problem***, resulting in *increased individual purchasing power and increased social welfare*.

I am currently focused on collecting empirical data related to H3, interventions that break monopolies on capital formation and their subsequent mitigation of the redistribution problem via increase in consumer surplus and increase in social welfare.

This case data is being collected with help from [GoodDollar](#), the philanthropic arm of the e-Toro investment platform, which describes itself as “the world’s first digital basic income”, free and available to individuals around the world through the click of a button on any smart phone. Their goal is to create a sustainable recurring cash payment to individuals (UBI), leveraging the power of DLT, and entirely independent of national governments. The GoodDollar ecosystem is made up of two groups of participants – claimers and supporters – who work together to create a sustainable decentralized financial ecosystem. Claimers are individuals who wish to claim the UBI as often as daily, while supporters can be individuals or organizations who wish to support said UBI. Supporters purchase crypto-capital (existing crypto coins like DAI or Bitcoin) and place it in a blockchain-based interest generating mechanism. The interest generated by the mechanism is what seeds the reserve that pays out the UBI to the claimers. The more supporters give, the more GoodDollars are distributed among claimers. Supporters can also buy Gooddollars directly, increasing demand for the coin, and further increasing its

value. The incentive here for supporters is an opportunity to participate in the crypto market while also contributing to global social welfare via a Universal Basic Income.

After reaching more than 54,000 users across 161 countries and distributing more than 30 million GoodDollars in less than one year, some patterns and insights are beginning to emerge. The country that has presented the most rapid adoption and widescale use is Argentina, with Latin America as the most active region in general. This is presumably explained by Argentina's history of economic instability paired with an educated society with access to advanced information communication technologies. Nearly 6,000 unique claimers are from Argentina alone, and more than 10 million GoodDollars have been dispersed to Latin America. The relevant empirical data that stands to be extracted from these groups, with a special focus on Argentina, falls into two categories. The first being a systematic categorization of the services offered and requested in the groups, namely, reviewing and sorting the types of transactions and goods/services that have evolved organically around the existence of GoodDollar as a new store of value and means of exchange, including their associated "market value" on the informal GoodDollar marketplace. The second category of data to be extracted from these digital communities is a qualitative survey intended to assess the relevance of my stated hypothesis: **Does the decentralization of the monopoly on capital formation indeed mitigate the redistribution problem by increasing consumer surplus (individual purchasing power) and increasing social welfare (community solidarity, or alternatively the support and provision of a public good).** This second category of data will require the drafting of rigorous survey questions aimed at evaluating the real and perceived impact of this new currency in its nascent stages, and in keeping with the existing transactions on these new market places.

This survey will aim to evaluate the following questions:

- (1) Whether or not/to what extent the claiming of GoodDollars acts as a parallel store of value to that of fiat currency given the goods and services available for exchange
- (2) The individual's perception of the value of this new currency and its impact on their perceived financial status and/or household budget
- (3) The extent to which these marketplaces and groups act as digital communities and/or provide perceptions of community solidarity

(4) What issues or contextual realities motivate users to adopt this technology and what they hope to gain in their participation

Other relevant statistics to collect include gender, age, number of people per household, average income, average education, and current employment.