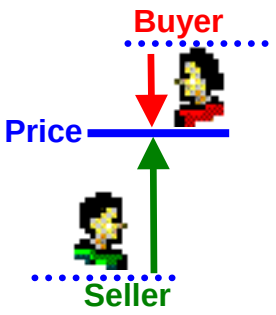
AE105 - Blueprint for a People-Centred Economy 2005-07-19

Efforts to 'bridge the digital divide' have more focused more on supplying technology than on how it is actually used[1]. Similarly, much activity has been centred on increasing economic growth, as if this *in itself* would alleviate poverty. **Altruistic Economics**[2] takes a fundamentally different approach to tackling poverty, helping people network with friends and family, encouraging individuals' acts of altruism[3].

Altruistic Economics is a people-centred system. It has the potential to empower financially poor communities since it does not use externally-issued currency, but values social & human capital instead. Harnessing the power of both the internet and cheaply available computing devices, it combines the strengths of community currencies[4] in building community with the global reach of standard currency.

Problems with Traditional Money

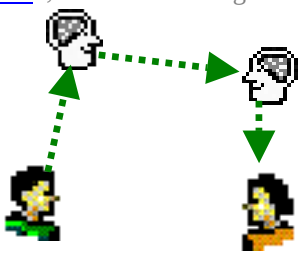
Most currencies are *zero-sum*[5]. i.e. users circulate a limited number of scarce tokens. This embeds conflict[6] by making all financial interactions win-lose[7], and puts the interests of those involved transactions in direct opposition to each another, particularly invidious if they have no social obligations to encourage responsible conduct. **National currencies are *centralised*** – a single privileged authority can issue currency (the central bank) at the expense of the system's other users, who suffer from usury, inflation etc.



Price: The interests of buyer & seller are directly opposed.

An Alternative System

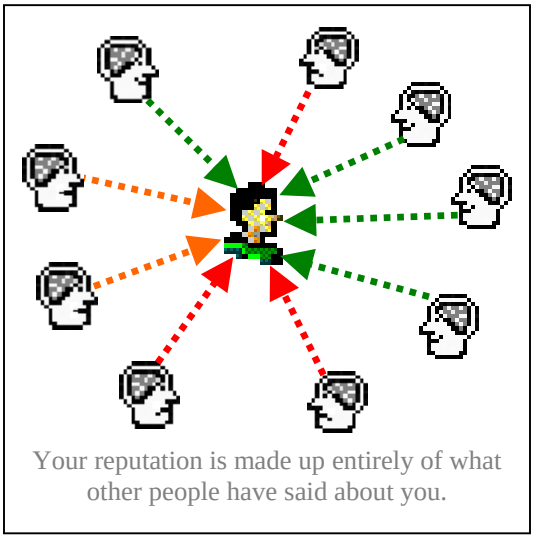
In Altruistic Economics, you trade through the network of care[11], never with strangers. ...



... in this case, the traders a Friend of a Friend of a Friend

As a *decentralised, non-zero sum*[8] system, Altruistic Economics has no such problems. Individuals state their feelings digitally, so that they can be heeded by all the system's users. These evaluations[9] are never divorced from the goods or services to which they are attached, promoting transparency, but are signed and made available through decentralized publishing media like the internet, promoting honesty in self-disclosure[10]. **The creditworthiness of individuals is not underwritten by institutions such as banks, but done so directly by known peers, who in turn are vouched for by their peers, and so on.** The net effect is to link everyone together into one large network of care[11], empowering people in proportion to the strength and number of the relationships that they have with others, irrespective of financial status.

[1] *Evolution of the digital divide*, forthcoming UNESCO report
[2] http://www.altruists.org/ae
[3] http://www.altruists.org/215
[4] http://www.altruists.org/382
[5] http://www.altruists.org/410
[6] http://www.altruists.org/384
[7] http://www.altruists.org/406
[8] http://www.altruists.org/392
[9] http://www.altruists.org/404
[10] http://www.altruists.org/407
[11] http://www.altruists.org/356



Your reputation is made up entirely of what other people have said about you.

Decentralisation of Accounting

Instead of central transaction repositories to manage users' accounts for them, software means that each user can independently handle their interactions with others. This is a close parallel with how reputation was derived in pre-money societies. People's standing depended not on their bank balance, but what others thought of them – a thoroughly decentralised affair. In general, those who tried hard to help others had high standing. Hence, pleasing other people is of great importance in **Altruistic Economics.**

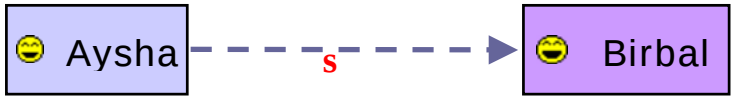
Summary of Contrasting Systems

	Aspect	Decentralised Currency System	Centralised Currency System
1	Locus Of Control	Individuals	Central Banks
2	Transactions	Non-Zero Sum[7]	Zero-Sum[5]
3	Environment	Network Of Care[10]	Anonymous[12] 'Market'
4	Assumption	Mixture of Altruism[2] & Self-Interest	Strict Self-interest[13]
5	Wealth	Strong Relationships	Accumulated Capital
6	Requirements	Communications	Law & Order

E-bay[14] has shown that even if peer2peer-selling uses centralised money, reputation emerges as a valuable resource[15]. Altruistic Economics takes the process to its logical conclusion, eliminating the need for centralised money, allowing all of a transaction's value to be expressed by digitally signed testimonies of those involved.

Sympathy[16] for Others

Altruistic Economics was designed to give expression to our innate feeling for others[17], our preparedness to forego personal benefit for another's sake. This feeling of affection is referred to as *sympathy*[16]. It is quantified so it can easily be used in a nuanced and coherent way. It is most simply expressed as s (typically 0<s<1):

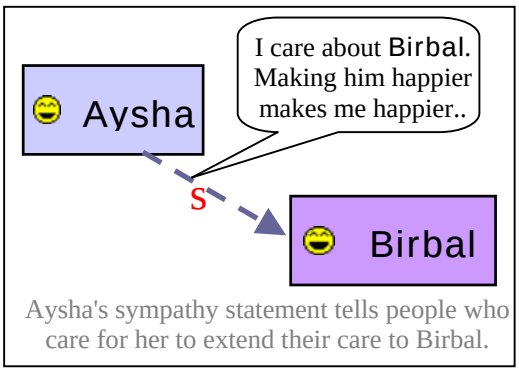


[12] http://www.altruists.org/408
[13] http://www.altruists.org/348
[14] http://www.ebay.com/
[15] http://www.si.umich.edu/~presnick/papers/postcards
[16] http://www.altruists.org/355
[17] http://www.altruists.org/f339 - Part1.1

A has sympathy of s for B ≡ *A is indifferent between gaining $s and B gaining $1*

The concept of *sympathy*[16] is at the heart of the Altruistic Economic model. It allows statements to be made that inter-relate the resources of strangers who only are *indirectly* connected to one another (i.e. *friends of friends etc.*)

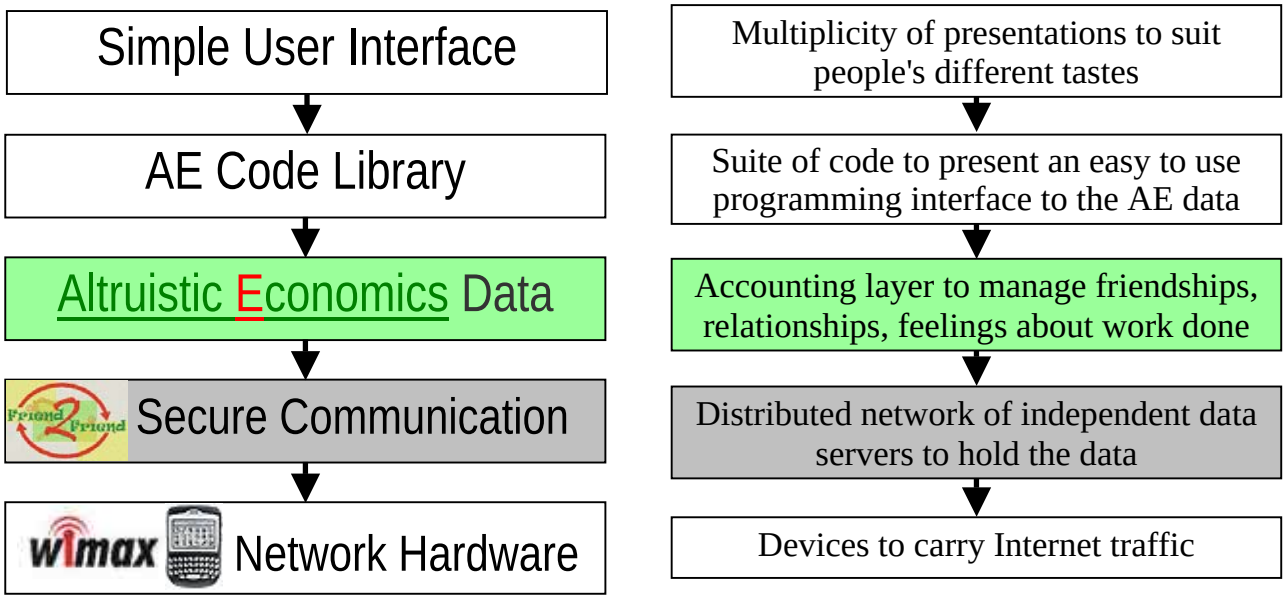
A *has sympathy of* $s_{AB}s_{BC}$ *for* C ≡ A *is indifferent between losing $* $s_{AB}s_{BC}$ *and* C *losing $1*



When sympathy is taken into account, maximisation of utility can no longer be understood as mere '*self-maximisation*', and becomes instead a question of '*maximising for me and those whom I care most about*'. Personal gain is deemed unprofitable if it entails a loss to too many other people. If s>0 throughout the network of care[11], then everyone's welfare is positively correlated with everyone else's – most noticeably where s is large (close friends and family).

Technological Layers

An Altruistic Economy will require interoperation of the following technologies:



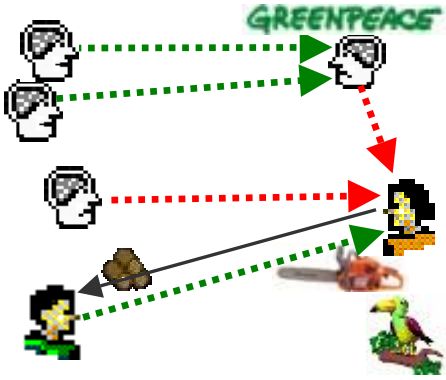
The initial target is to develop a robust and flexible standard for Altruistic Economic data, and a supporting secure communication layer[18]. Work is underway on an initial PHP code library to provide a WWW interface for PC's. A basic user interface will be

[18] http://www.altruists.org/ff

built on top of this. It is hoped that hardware vendors will add support for other hardware. An enthusiastic userbase of free software enthusiasts can be expected to develop more advanced user interfaces (c.f. Bram Cohen[19]'s BitTorrent[20] protocol).

Inclusion of Organisations

Although created to facilitate direct interpersonal transactions, the system is flexible enough to incorporate familiar organisational structures in a straightforward fashion. Organisations that join the network of care[11] have equal privileges to individuals, so people and organisations can declare sympathy for one another. The inclusion of organisations would help individuals express their concern about issues by proxy. Instead, they could express their sympathy with GreenPeace, and let them express their concern about a portfolio of matters. This increased transparency would provide a great increase in accountability and flexibility over the current system of fixed rate money-based membership and subscriptions.



Everyone is free to state their feelings, either individually, or through organisations.

Technology Requirement

The system requires a lot of calculations, but is *not* limited only to PC's. Modern handhelds have significant computing power, so most devices that support IP traffic would be sufficiently powerful to give access to the altruistic economy. However, though it is becoming ever cheaper, suitable technology is still not widely available in many areas of the world, so an interim approach would suffice along lines of the Village Phone model[21]. A local community could share the cost of a single device, which would be managed by a trusted group member. This could host multiple password protected accounts, one for each community member.

Fairness & Legal Issues

The altruistic framework described above was designed to be regulated by social (peer) pressure, rather than requiring external legal sanctions. It is an information network that is legally neutral, and grants no one any rights.

Fairness, too, is not enforced by the system *per se*. It is, however, expected to emerge as a natural outcome of an unbiased record of what is done, made available to a group of decentralised decision-makers. People are demonstrably unselfish[13] in their efforts to bring about what they think of as fair outcomes, so can be expected to create & maintain fairness by helping those whom they think most deserve it.

[19] http://www.bitconjurer.org
[20] http://www.bittorrent.com
[21] http://www.telecommons.com/villagephone

Development Plan

	Stage	Timing /months	Development Work	Additional Userbase
1	Component Testing	0-2	Core Components	In-house
2	First Prototype	2-6	System Functionality	Test Audience (BRAC University)
3	Functional Prototype	6-9	Compatibility, Stability, Scalability	Free Software/Money Reform communities
4	Basic Operational System	9-12	User Interface, Meta-Evaluations[22], End User Documentation,	Ideologically-motivated Technophiles. Further development by Free Software community
5	User-Friendly System	12-18	Ports (Mobile Phones, PDAs), Business Models, Community Adoption Plans	General Public, Communities, Small Organisations
6	Mainstream Adoption	18-24	Globalised Business/ Organisational Models	Larger 3rd Sector Organisations, Poorer Communities
7	Global Adoption	24-...	*Responses to circumstances ...*	Commercial/Large Organisations

The system's software and the userbase will co-evolve, with the initial goods and services initially being predominantly computer-related, reflecting the interests of the early adopters. The system has a very strong network effect, so an explosion in users can be expected once the software user becomes sufficiently usable and a critical mass of users is achieved.

Longer Term Vision

The world has a lot of infrastructure and tools - especially in the world of business - which have been set up for competition. With the addition of some relatively simple technology to implement this new accounting system, business would compete to *create* instead of *extract* value. Once this distinction was visible, it would unmask a lot of the rent-seeking[23] activity rewarded by traditional money systems[24]. More importantly still, people would have a new paradigm with which to look at the world. If humanity is to avoid disaster on this ravaged and increasingly crowded planet, we need to re-awaken our awareness of the inter-relatedness of all life, and become aware of our natural instincts to cooperate as well as to compete with one another.

Altruistic Economics is a blueprint for a global information network. It will not give power to anyone, but could give individuals a chance for everyone to express their feelings and to discover how other people feel about what goes on in our world. Like the World Wide Web, it is a technological layer the potential of which will start to become realised as individuals and communities adopt it and use it for their ends.

[22] http://www.altruists.org/ae12
[23] http://www.altruists.org/409
[24] http://www.altruists.org/302

Comparison of Exchange System Development over Time

	Potlatch (Gift Economy)	Community Currency*	Globalised Centralised Money	WWW-Based Trading♣	Altruistic Economy
Age	Primeval	Very Old	Old	10 Years	*In Development*
Maximum Group Size	Dunbar's Number[25] ~150	Rarely >200, usually <100	Unlimited	Unlimited	Unlimited
Reach	Very Small	Local	Global	Global	Global
Accounting	Mental	Zero-Sum	Zero-Sum	Zero-Sum	Non Zero-Sum
Evaluation	None	Price[6]	Price[6]	Price[6]	Self-Evaluation[9]
Anonymity	Very Low	Low	High	Medium	Low
Control	Individuals	Local Administration*	Central Banks	Site Management	Individuals
Charges	None	Moderate*	Usurious	Variable	None
Fairness	Peer-enforced	Peer-enforced*	Legally-enforced	Legally-enforced	Peer-enforced
Hardware Required	None	pen and paper or shells/gems /pig tusks etc.	Big computers, Internet, Printing presses	Personal Computers, WWW	Personal Computers, Internet
Ease of Use	High	Medium*	Medium	Medium	Low

Two of the major distinctions are *centralisation* and *scalability*:

> *Centralised* systems are associated with high charges, legal enforcement and anonymity[12], while decentralised ones tend to be peer-enforced, personal in nature & devoid of charges. *Scalable* systems require higher technology and are more complex than simple token passing.

Altruistic Economics has a singular combination of virtues. It has the personal focus of the potlatch, but adds a digital map of social relationships, and uses modern technology to navigate it, overcoming the main drawback of the potlatch (limited reach) that lead to the development of more formal, token-based currencies. **Altruists International**[26] is a one of a decentralised network of *altruistic*[27] partners working to offer a realistic global alternative to those unhappy with centralised currency. We are always happy to hear from like-minded implementation partners.

This file is available for download from www.altruists.org/ae105.
More details are at www.altruists.org/ae

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* Each community currency has a somewhat different model. Some are combined with centralised currency systems, have WWW interfaces, legal backing, or are peer-issued. A single system may operate differently over time; some appear to fail as members evolve it into a gift economy in which trading still occurs, but is no longer recorded.

♣ *Many* WWW models exist, including EBay.com, Paypal.com. Some are potlatches:freesharing.org, wikipedia.org

[25] http://www.lifewithalacrity.com/2004/03/the_dunbar_numb.html

[26] http://www.altruists.org

[27] http://www.altruists.org/286