

# Holocratic Liquidity

*Internal Black Paper for BITNATION*

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## SUMMARY:

Semi-autonomous wealth pathways can disburse the BITNATION ICO funds to empower HOLONs; promoting decentralization and minimizing hierarchy (and the power struggles that come with it). These pathways can be determined by each DBVN stakeholder without needing permission from others.

## PROBLEM:

The current DBVN implementation would turn **BITNATION** into an **oligarchy** at best, and **dictatorship** at worst. The proposed structure would hold ALL of the ICO funds in a SINGLE holon - the CORE DBVN.

This would inhibit the **BITNATION** swarm from flourishing by forcing people to “ask permission”. This is because a major stakeholder such as Susanne can **veto** any fund transfers, effectively giving control over the entire organization to one person.

Furthermore, two competing groups could **veto** each other's proposals, creating a **stalemate**. This stalemate could be broken by **kicking out** the less powerful stakeholders with the `changeMembership` function, but this would only make the **autocracy even worse**.

Blockchain technology permits **new possibilities**, but developing a protocol that uses the positive aspects of centralized **and** decentralized decision making is not a trivial problem. This proposed protocol is an attempt to solve that.

## BACKGROUND:

Centralized authority can be very efficient, but if left unbalanced, it inevitably leads to autocracy. This in turn stifles the growth and innovation of an organization. Furthermore, over-centralization makes PANGEA an “all or nothing” situation, where failure to deliver ALL of the components would mean that none of the code would ever see widespread adoption.

## THEORY:

BITNATION constitutionally is a liquid holocracy. A holocracy consists of HOLONs. A HOLON is a paradox: it is both a distinct entity, but also a part of the whole. Each HOLON has its own decision making process. This means that HOLONs do not require the permission of others in order to execute their tasks.

***If an organization's funds are centralized in a single holon, then the holonic structure is more of an illusion than reality.***

## IMPLEMENTATION:

BITNATION will be the first decentralized borderless voluntary nation (DBVN), implemented at the time of the ICO. A DBVN is a type of decentralized autonomous organization (DAO). A DBVN can be recursive; it can have parent or child DBVN's. Funding can flow both ways. DBVN's allow BITNATION's holocratic structure to be implemented on a blockchain. Each HOLON can be implemented as a child DBVN.

Each DBVN has its own system of governance. The BITNATION CORE DBVN will have a number of participants, each with a corresponding stake %.

WEALTH PATHWAYS are a core element of JOHAN NYGREN's RESILIENCE system. Similar to a transaction fee, a WEALTH PATHWAY is used to determine how incoming funds are disbursed. For instance, our credit cards have two WEALTH PATHWAYS - 3% going to the credit card company, and the rest going to the vendor.

On blockchains, a wealth pathway can be implemented using a smart contract which determines what happens to funds sent to an address.

## SOLUTION:

Wealth pathways, along with a couple other tweaks to the DBVN implementation, will foster decentralization and inhibit the possibility of a dictatorship.

- Each member of the CORE can determine their own wealth pathways.
- Each wealth pathway specifies a target holon, and a percentage.
- This percentage comes from the stakeholder's proportion of stake in the DBVN.
  - For instance, Bob has 10% stake in the CORE DBVN/HOLON.
  - Bob Creates a wealth pathway, specifying that 50% of his wealth flows to the DEV HOLON.
  - 5% of all the ICO funding would go to the DEV HOLON.
  - The remaining 5% of his stake would remain in the CORE wallet.
- If wealth pathways are not chosen, then the funds will remain within the CORE.

## PROPOSALS:

In order to support a healthy swarm...

- 1) BITNATION's CORE DBVN can use WEALTH PATHWAYS to direct funds to other holons in an autonomous yet adaptive manner. Each stakeholder would determine how their percentage of the funds would flow (or remain in the CORE). This permits child HOLONs to have a flow of income without constantly asking for approval from other HOLONs.
  - a) Pledges from the coremembers should happen soon, so that way each holon has an idea of its budget size.
  - b) Wealth pathways can be modified later.
- 2) Proposals to transmit funds from the CORE HOLON/DBVN should not be subject to a veto. If one person submits the proposal, and two others sign off on it, it should transmit. This will keep people accountable, but not require people to ask permission from one person.
- 3) Proposals to change the membership key of a DBVN member needs to have a veto function. This will prevent the consolidation of power during an unpleasant conflict.

*Eventually, each DBVN/HOLON can issue its own currency (as proposed by BACKFEED). This will allow people to invest into specific HOLONs directly, and permit multi-directionally wealth flow within network.*

This is a hypothetical rendering of how these holonic structures could look. Wealth flows from the bottom to the top.

**BITNATION - (hypothetical) Holonic Structure.**  
Not To Scale | Holons Are Automatically Funded By The Holons Below Them

