

CRYPTOCURRENCY THROUGH A SOCIOLOGICAL LENS: A NEW STIMULUS FOR GOVERNMENTS IN POST-COVID ECONOMIC RECESSION

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The inefficiency prison

“Crypto” – a word we use to denote secrecy and mystery. Something hidden under a cypher. Under codes that are hard to break at first glance. When we talk about strange creatures and different hypotheses on how they might exist we talk about cryptozoology. When we talk about strange economics we can’t avoid the topic of cryptocurrency. The hidden side of the economy is now impossible to discuss without discussing cryptocurrencies like bitcoin. But what is it that is hidden behind the conventional way of understanding economics? Potential.

A ungodly amount. But in order to unlock this potential we must fashion a key that gets us through the lock. And we most certainly are locked – despite a seemingly wide array of options the economic and cultural links we have created make a new kind of politics impossible. Lack of funding in specific crucial areas of life seems endemic under many of the governmental systems we have now and we seem to have not found novel and profitable enough ways of encouraging those in power to give a hand to these underfunded sectors in any kind of meaningful way that keeps them afloat. This is our inefficiency prison, where we are locked. Our escape attempt will be a disparate one fraught with peril but we must try nevertheless.

Like a sad prisoner trying to pick the lock of his cell with materials strewn over his bunk bed we must be crafty. We must not overlook and most importantly – we must recontextualize the daily objects we have in order to escape. What is in front of us may not at first glance look like a key to our escape but it may prove to be in time.

Just ask Tim Jenkin.

An invitation

For those expecting a deep dive into the sheer mathematics of cryptography – look elsewhere. This text is not for you (and you probably prefer code anyway – nothing wrong with a good fetish!) But if you are a forward thinker, a brave explorer of new concepts regardless of fields this might just be your bread and butter. Let this serve as a call to action to think in a novel way about some new concepts. If you are someone engaged with the technological sector and the production of cryptocurrency – please, consider and improve on the concepts presented here. Your work is vital and if you have any way of implementing these concepts and improving them please do so – It is my hope that a new wave of coders, scientists and mathematicians presented with this information will find ways to implement these very broad but important ideas in ways I cannot even fathom. Sociology has long depended on research data and number crunching – our worlds are not so far apart. This is a simple sociological plea to try and make these concepts work as only you the great people of the tech industry can. If you have information about these subjects consider this article a way to popularize them. If you think someone who you know will enjoy working on anything described here – send this article to them. This is An outstretched hand. An invitation to dance.

Nothing more – but enough for a good time.

A question of stimulus

Let's dive in with a good question-What does crypto currency allow us to do that we could not do before? A world free of government monetary regulation and central banking is usually the go to argument of its proponents. Governments must gradually cede their power over the lives of the populace and surrender to the algorithms of a virtual currency – this is the vision many in the crypto-sphere have. More than anything – that is what it represents to them. It is unlikely that any country will decide to operate entirely on cryptocurrency now. There is no incentive for them to do so. They lose legitimacy and control and they gain supervision from the public in total transparency. That's not a good sales pitch. This is a conflict of stimulus. Monkey see, monkey sniff – monkey don't want. The stimulus is lacking, the fruit is not sweet enough. As a species we have

done well whenever we have managed to make our base urges work for us rather than against us. Manipulating stimulus is how we do this. Change the stimulus to play and you can change the game. It is hard to always pair positive stimulus with wholesome actions. When we have bad actors in any field one way to stop them is to try to explain why what they do is malicious and why they must stop acting the way they are. Another way is to give better stimulus for behaving well than for behaving inappropriately. There is ample research at this point that shows positive stimulus wins out in terms of motivating behavior. In its current forms cryptocurrency is not attractive enough stimulus to be implemented by governmental institutions. It's downright antithetical to them. But perhaps it is not so much the forms of cryptocurrency but how we think of them so far. Let's get back to the initial question at the start of this paragraph – what do cryptocurrencies allow us to do?

Due to the way a block chain is structured it allows us untold flexibility in how we assign a value to our currencies. We have done away with having our currencies be tied to tangible physical things – it has been just numbers on a screen for some time now. But we had not developed mechanisms for linking those numbers to other measurable and flexible values.

With the advent and implementation of block chain technology this has become possible. It is now possible to integrate different numerical values such as the rate at which solar technology develops into an automated process for generating and preserving currency value. This is how we can change the stimulus and change the game. We should broaden our horizons when it comes to how we can use the new way of valuing currency to stimulate governments to enact positive change in society. There is untapped potential for cooperation between government and private sectors when it comes to cryptocurrency.

It seems to me that there are two postulates that have not been brought together in the public mind:

1. There are certain sectors, for which governments across the globe cannot find enough resources – sectors, which are either prone to corruption, neglect or mismanagement.
2. There are ways we can tie the value of digital currency to a vast number of different statistics that can help naturally regulate it.

How do we bring these two into contact with each other? By rec-

ognizing one of the vital properties of every modern state – its ability to keep statistics on everything. The state is a statistical mother lode. With the advent of surveillance technology now more than ever the state has stored data on numerous subjects of research throughout the years. Some of the most common data it stores is education and crime statistics. Everyone within those two systems leaves an increasingly digital paper trail of some kind. By pairing the massive amounts of data at the hands of the state and the new ways a cryptocurrency can generate its value we can have currencies that are tied to specific vital statistics representing often underfunded sectors of government. This way we can create a direct profit incentive to funding and bettering certain measurable areas of life. This is something we will certainly need in a post-COVID-19 world in the depths of economic recession. It could prove to be the key that lets us bust out of the inefficiency prison we are in.

Cryptocurrency science fiction through a sociological lens

From here on I will provide 3 hypothetical examples. In doing so I will enter this text into the field of speculative science fiction with a narrow scope and a closer timeframe than usual. Science fiction has served as both prediction and inspiration of future events and sociology has to wrestle with this or perish. In the history of sociology there have been numerous hypothesis on how society can be improved or social disasters prevented but as technology grows ever powerful our ability to generate warnings and predictions for societies will be ever more dependent on talking about hypothetical technologies and their different potentials. Thus a good sociologist will have to increasingly enter the realm of science fiction with his texts in order to provide proper extrapolation on the future trajectory of a society and how to handle it. The following 3 examples can be considered 3 speculative science fiction hypothesis for getting out of the inefficiency prison of our current institutional funding. The 3 examples below are hypothetical cryptocurrencies based on 3 sets of data that the majority of governments across the world already possess in some form or other. A reformatting of the data and the way it's collected may be required but the fact remains that gathering this data is possible within our existing systems and therefore it should be possible in future ones we design. By

going through the examples their utility and benefits will become increasingly apparent, perhaps even obvious. Once the first example is clarified the others easily follow in reference to it. The 3 examples provide new incentives for capital to be invested in new ways for new profits in already existing but lagging sectors. My hope is that this text can serve as more than a prediction but an inspiration for the realizations of these ideas.

Example 1:

Educational cryptocurrency – EduCoinWRLD

Funding in education in many countries is not on a level equal to many other sectors for many reasons. But supposed we took the statistics the government keeps from its institutions in higher learning(say the yearly scores on certain tests) and tied them to the valuation of a cryptocurrency. Simply put the higher the students are graded upon passing a certain test or graduation as compared to before – the higher the value of the currency grows. Each country agreeing to participate in this will have its own separate cryptocurrency related to the educational level it's currently on – the United States will have a crypto currency called EduCoinUS, Russia will have a crypto currency called EduCoinRu and so on for every country willing to participate. Here comes the tricky and interesting part – each of the currencies tied to an existing state is not used for trading among them but is vital in determining the value of a global educational currency called EduCoinWRLD – its value is pooled from all the separate educational currencies across the globe.

Therefore every rise in value for each of the educational currencies is linked to better performance in the educational sector of a specific country and the rise of value in the educational currency of the world is determined by the total rise of effective education measured globally as a total from all countries. This means that any holder of EduCoinWRLD will profit if global education levels rise. From this it follows that any holder of large enough sums of EduCoinWRLD has a direct profit incentive in bettering world education – if he funds education his investment in EduCoinWRLD yields him a better return. He can influence the value of this currency he bought by improving education. Not only that but he has greater incentive to help and develop precisely those areas which are cur-

rently struggling the most with educational levels as they are the easiest to boost which is also boosting the overall currency value. Thus as opposed to now governmental and private capital has a direct profit incentive to invest in education. Not only is investment in education incentivized but continual investment as well – in order to maintain the value of the global currency educational levels must at least be kept at a steady level where they still bring profit. The issue with this becomes the fudging of the grading systems within each country. What will be the main challenge here is to keep realistic scoring but that can be resolved through a global online testing procedure through an online platform with dedicated terminals. A kind of global SAT test for all participants in EduCoinWRLD. If any country is suspected of cheating on tests, their cryptocurrency might be given a sort of timeout – its value no longer contributing to the total for a certain period or be removed entirely.

Example 2:

Innovation based cryptocurrency – INovateCoinWRLD

Much the same way we have measured educational levels across the globe we can and have measured the rate of successful innovation that countries have been able to reach. There is available data on this subject and like the data on education it can also be pooled. We follow the same road we did when we were discussing educational levels but this time we apply it to the field of scientific innovation. The measurements of realized invention we have per country create innovation currencies for each country which then feed into the value of a global innovation currency called INovateCoinWRLD. By doing so we have given new stimulus for big capital to fund experimental scientific projects all across the globe – thus, the more successful inventions are funded and realized in places that were previously lagging behind the more profit for all holding INovateCoinWRLD. Certain countries composed of various ethnic groups which previously had no chance of joining the world stage of scientific innovation will now be able to do so. To maintain the value of this coin global innovation rates must be kept at a reasonable level. Here a global database of innovation rate and criteria for it may be required but Eurostat and others already keep such databases for countries with enough efficien-

cy to be viable so constructing one that will be used by a cryptocurrency is not impossible.

Example 3:

Crime based cryptocurrency – CrimeCryptoWRLD

Perhaps the wildest of the three hypothesis – but no less important. The standout with this one is in inverse relation to the monitored data set. The idea here is that we have cryptocurrencies in different countries whose value is based on the level of crime reduction in them. The lower the rate of crime the higher the value of the currency. Again we separate them by countries and have the separate currencies for each drive the value of the main world one – CrimeCryptoWRLD. This means that holders of the coin will have an incentive to fund crime reduction efforts in places with higher crime levels. Funding of programs for rehabilitating criminals becomes much easier then. Here we have the biggest hurdle in accurate crime reports from different countries around the world (and this also gets into the question of what is considered a crime). Perhaps not all crime should be taken into account but only violent crime since what constitutes a violent crime around the world is more likely to be similar. The resistance to false statistics here has to be very strong and those that falsify crime stats must immediately be excluded – in this world wide reporting and organizations monitoring crime in many countries could be a deciding factor for weather your crime crypto is allowed to contribute to the total.

By now, dear reader, I am certain that you have gotten the main idea. When it comes to conventional ways of discussing how cryptocurrencies may aide society I have not come across a similar concept and that is why I decided to outline it within these pages. This way of looking at cryptocurrency allows us to envision a world where big business philanthropists and pro-reform politicians are both on the same team supporting social causes and improvements in government sectors that badly need it all while making a profit too. It makes crypto currency a desirable option for governments looking for extra funding. Greed might not have been good when Gordon Gecko was speaking about it but perhaps this is one way we can harness even greed for social benefit. The early adopters of

this currency may be driven by selfish or unselfish goals and yet the result is social benefit either way. All done with the good old trick of changing stimulus. That is – if it all works out. And there are reasons why it won't. It is not always profitable to look at a thing and think of the many reasons it can't work. Especially during an economic crisis I think we will do the most good if we start thinking of ways to make things work again. Perhaps none of the concepts here are viable – but they may inspire some that are. Perhaps they are viable but they need some tweaks in order to properly work out. New economic mathematics of the type that Eric Weinstein has talked about, increases in computing power and much more might be required. Innovation is driven up by periods of intense crisis because innovation helps us overcome it. The economist Joseph Schumpeter and others have shown this well. In a time where we all need to brainstorm new ways out of major issues I feel that any media that allows us to have a fresh look at a subject and provokes us to start debate about novel solutions should be welcome. In times of great social unrest around the world it feels criminal for a sociologist to stay silent and not offer any kind of alternative course of action. There is a kind of professional obligation to speak. Had the circumstances not been like this I would probably have thought there is no need for a text like this to exist. But things being as they are I believe it needs to. One can only hope it reaches the right people in time and they do what they feel they need to as well.