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REDEFINING LIBERTY

John Locke's views on the nature of freedom of action and will have played an influential role in the philosophy of liberty and moral psychology. Known as the "Father of Liberalism" and a leader of the Enlightenment movement, Locke's work greatly affected the development of political philosophy and influenced Voltaire - a strong opponent of the separation of the Church and Government, Jean-Jacques Rousseau - a Jacobin leader during the French Revolution, among other American Revolutionaries, such as Thomas Jefferson and his so-much-borrowed, "life, liberty, and the pursuit of happiness" stated in the U.S Declaration of Independence.

In Book II of An Essay Concerning Human Understanding, Locke introduces an ever-so-relevant definition of freedom. It is a two-way relationship between power and will, where, "Liberty...is the power a Man has to do or forbear doing any particular Action, according as its doing or forbearance has the actual preference in the Mind, which is the same thing as to say, according as he himself wills it." The actors will, in this case, as defined by Locke, refer to "that particular determination of the mind" that we actors can "give rise, continuation, or stop to any Action."

The central claim made is that any person is free in respect to a particular action (or forbearance of such), such that (i) if he wills to do A then he has the power to do A (ii) if he wills to forbear doing A he has the power of doing so. However, what if you are a man falling off a collapsed bridge or you are definitively locked in a room? There's a disequilibrium between one's volition and one's power - not free in relation to the forbearing of falling or leaving the locked room.

Will, then, is necessary for freedom but not sufficient for it. The man in the locked room wills to stay and talk to the other person in the room, and this volition is causally responsible for his staying in the room: on Locke's theory, his remaining in the room is, therefore, voluntary. But the man in the locked room "is not at liberty not to stay, he has not freedom to be gone." The man has become powerless by an uncontrollable set of external factors.

Why the sudden romanticization of action and volition being explored in the introduction of our letter? We believe that even though Locke belonged to the Enlightenment period during the 17th century, the disequilibrium of power and will seems to have reached a boiling point as we head to a new year, but a solution seems to have reached great relevance.

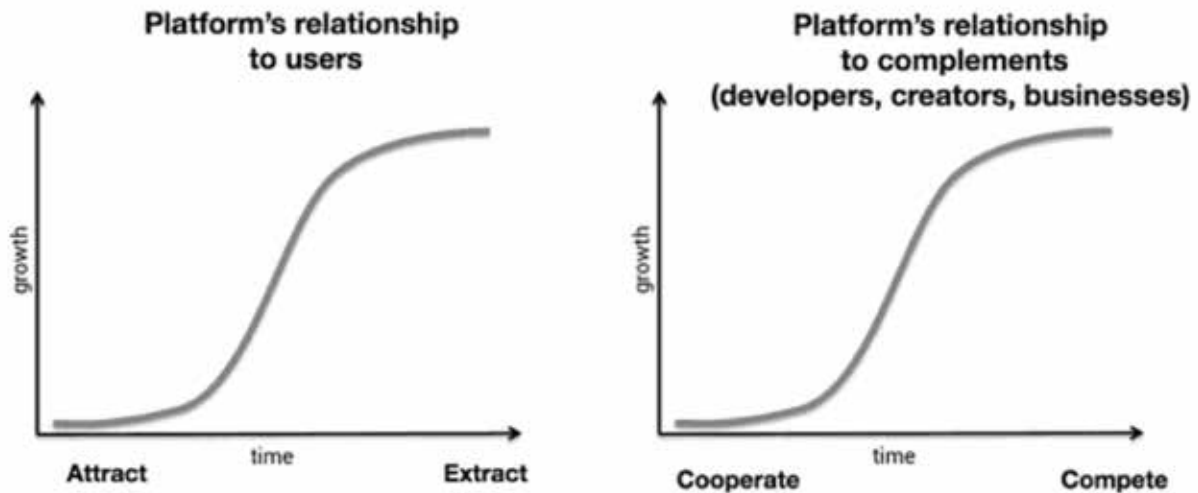
Back in 1951, only 100 families in the U.S had operating computers, by 1965, more than 22,500. The rise of computers was a mystery for many, "they navigate ships and planes, mix cakes and cement, prepare weather forecasts, check income tax returns, district city traffic and diagnose human ailments" reported TIME Magazine in 1965. Aside from the tasks automatized, the rhetoric during the teen years of the computer was that of "devaluing the human brain and killing all labor" - mass centralization around databases and computer intelligence that would run any aspect of our daily tasks, a complete shutdown of our cognitive functions.

Fast forward to the early 1997 and 34.6 million Americans (35% of households) own computers and there's a sharp shift in the futuristic vision of what computer technology would bring. With the decentralization of big tech companies such as IBM, technology witnesses a wave of innovation along with the abundance of information via the World Wide Web. A libertarian balance of power and a will. All initial internet efforts of the Web were open source protocols, which communicated via HTTP (Hypertext Transfer Protocol) and SMTP (Simple Mail Transfer Protocol), among others. When Larry and Sergey built Google, they were building it on top of HTTP, right on top of the uncontrolled Web. The internet was a big pool of hyperlinked information where users were consumers of information. Think of the early Web as an immense digital book, the infinite encyclopedia.

Starting in the mid 2000's, trust in open protocols was replaced by corporations like Google, Twitter, Facebook. Their software and services surpassed open protocol capabilities. It became a more interactive web, where users not only consume, but also produce. A wave of digitally native content producers that used social platforms emerged, while increasing the need to commoditize the infrastructure for databases and hosting servers. Their code was also proprietary, and governing principles were all in their control. The rise of Web 2.0 was driven by social media, mobile, cloud and the networking effects accompanied by each - it is here where the small fish became megalodons.



As elegantly mentioned by Chris Dixon, partner from A16Z, centralized platforms follow a predictable life cycle. They do everything to recruit creators, developers, and businesses, as shown in the picture below:



With negative cash-flow businesses due to the aggressive customer acquisition costs, as platforms move up the S-curve, their power over users and 3rd parties steadily grows. When they hit the top, their relationships with network participants change from positive-sum to zero-sum. How can these players continue growing? By extracting data from users and competing with (former) partners.

Both Google and Facebook recorded a combined \$232 billion in sales last year (10x from 2009 and 60% of the ads industry market share). A major concern from the U.S Congress is if both have a duopoly on the ads market, but an even more communal doubt is privacy concerns regarding both. In 2018, reporters from the New York Times revealed that Cambridge Analytics had improperly accessed data from 87 million Facebook users. There are reports of Facebook aiding pro-Trump voters, playing roles in Rohingya Muslims genocide in Myanmar, among other data leaks and population content control (or lack of it). Who or what to liberate us from these unsustainable acquisition models?

This notion that centralized institutions control the ins and outs of information is emphasized by Peter Thiel's Cold-War-esque view between the centralized and decentralized Web. A centralized and communist regime is represented by Artificial Intelligence (computers), while the libertarian and decentralized opposite is crypto (blockchain). AI is totalitarian. AI deployed by centralized institutions know more about you and dictate your behavior better than yourself. Artificial General Intelligence (AGI) may be capable of instant self-improvement, leading to the rapid emergence of artificial superintelligence (ASI), the limits of which are unknown once singularity is achieved. It is curious, to say the least, how Big Tech business user acquisition and engagement models have become the locked rooms and crumbled bridges described by Locke. The power these platforms have has engraved our tabula rasa for us - one minute they emphasize media organizations and small businesses, the next minute they de-prioritize content and change revenue-split contracts.

On the other hand, crypto is a liberation from this totalitarian regime we are currently on, the nature of the decentralized ledger, verifiability, transparency, privacy and an entirely community-sustaining technology can be catalyst for the pendulum to swing back to a decentralized internet.

Now, it would not be fair to downsize Google, Facebook, and other great achievements attained by AI. It is not all so dystopian. Yet, it is imperative to rethink how we can take advantage of this technology and unlock an equitable Web.

“where-ever any performance or forbearance are not equally in a Man’s power [...] he is not Free.”

John Locke

Enter Web 3.0.

Web 3.0 is loosely defined by some, but in our opinion any definitions or attempts to do so will be antithetical as Web 3.0 is still in its infancy and will be subjectively defined by the community that uses it, not by a centralized entity. There is no app that determines your current or future status; by having blockchain protocols as its infrastructure, it is the decentralized computer (formed by several others) that stores data. Using Ethereum, though other blockchains suffice, a decentralized computer translates into the power to consume, interact and govern through tokens and smart contracts.

Web3 distributes power equally, service providers are replaced by open-source software and globally-distributed individuals working together on common goals. Decentralized Autonomous Organizations (DAO) fall under the Web 3.0 umbrella and are the infrastructure necessary for a free Web. In order to incentivize capital growth and better pricing on loans, Compound, an algorithmic and auto-

nomous interest rate protocol built for developers, started distributing equity tokens COMP to those who provided liquidity to the protocol. Every Compound user became a stakeholder and Compound became a DAO. Anyone holding a COMP token can have a say in suggesting changes in the underlying protocol. Suggestions can range from being technical like Compound Proposal #31, suggesting a change in reserve treasury rates and strategies, or can be ideological, such as asking a dark mode theme. The voting and implementation mechanisms are different on each protocol, but essentially each DAO works like democracies elsewhere (if any do exist).

The essential feature of DAO’s is their operating rules are programmed and automatically executed and enforced when conditions are met. DAO’s can instantly transfer funds on majority vote approval - no central authority can stop the democratic decision making. We have been witnessing DAO’s in the following projects:

[Nexus Mutual](#) is a cooperative offering smart contract insurance services - management and claims are automated through smart contracts.

[Terra0](#) empowers a forest whose production (timber sale) allows it to pay its debt to acquire more land.

[Pocket Network](#) is an API that allows access to public blockchains through a decentralized network.

[MakerDAO](#) is a protocol that created DAI, a synthetic stablecoin. Parameters on the stablecoin are decided by those who hold MKR tokens.

NFTs

DAO's are just one of the several mechanisms being used by developers to build the decentralized Web. Non Fungible Tokens (NFT's) represent ownership rights to a unique asset. Tokens will give every user the ability to own a piece of everything they participate in. While in the previous Web all anybody could genuinely own was their DNS, now, with Web 3, you can essentially be the owner of art, games, social media, and codes. How this ownership can be concretized by blockchain protocols are the driving force behind what has been released in the past couple of years. With composability - allowing anyone in the network to take existing code and adapt or build on top, NFTs can intercommunicate with other protocols and smart contracts can be used to automatically execute actions via code. In DeFi, for example, NFTs have been used as collateral (NFTfi) and can be rented out for interest (RenFT).

Now we're at a crossroads where entrepreneurs have two choices. We know that the acquisition model of many startups follows the play of models like Google and Facebook, but we are constantly challenging the business models that have succeeded for the past two decades. The pendulum is going to swing to a decentralized Web - how can we empower the individual and create models that do not reflect the current path to user acquisition. Time to build.

"The most valuable businesses of the coming decades will be built by entrepreneurs who seek to empower people rather than try to make them obsolete."

Peter Thiel

George Gilders Life After Google sums the critique being made to centralized tech - the crisis of the current order in security, privacy, intellectual property, business strategy and technology cannot be solved within the current computer and network architecture. He believes it is time to move beyond the "slippery slopes of the Internet" and provide immutable databases (blockchain) to build new structures of trust and truth. When the founder of the World Wide Web Sir Tim Berners-Lee famously published Information Management: A Proposal, he wanted what has now become his main requirements at the time (i) remote access, (ii) heterogeneity, and (iii) Non-Centralisation - where information systems must be "linked together without requiring any central control or coordination".

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"From entrepreneurs to entrepreneurs"