



Tiberius Brastaviceanu <tiberius.brastaviceanu@gmail.com>

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## Network-to-network interface

23 messages

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Tiberius Brastaviceanu <tiberius.brastaviceanu@gmail.com>

Thu, Sep 15, 2011 at 2:29 AM

To: Kurt Laitner <klaitner@gmail.com>, Steve Bosserman <steve.bosserman@gmail.com>

Cc: pietrust-discuss@googlegroups.com

Hi Kurt,

I have a concrete problem for you about value systems.

We have two networks X and W, and A and B are members of both. A and B have an activity together that affects the value of both X and W. How should A and B log their contribution. Do they log it in W and in X?

**Example:** Steve and I have a Skype meeting in which we discuss about SENSORICA and Greener Acres, for instance about how SENSORICA can provide sensing technology for local food systems.

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We can also imagine that some x I give might increase value in more than 2 networks. It seems that the output of a single person can multiply itself. Should the person get x-multiplied back from society? Or just an equivalent to the person's effort? This is the question!

NOTE: I also copied Bayle and his PieTrust group on this one.

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[t!b!](#)

co-founder of [SENSORICA](#),  
an open, decentralized and self-organizing  
value network (an open enterprise)

founder of [Multitude Project](#)

---

Kurt Laitner <klaitner@gmail.com>

Thu, Sep 15, 2011 at 3:54 AM

To: Tiberius Brastaviceanu <tiberius.brastaviceanu@gmail.com>

The simple answer is yes you should get to register the value in both networks. That said calling it 2x is simplistic. Taking a simple dimension of value, let's look at Time. The Time dimension is registered in both places but depending on the amount of time in each network (total time spent by everyone) the time might be 'worth' different amounts in each network.

This issue becomes more complicated when we look at other dimensions of value. A given deliverable may not resonate equally in two value spaces, and in one space it is added to and hits a reinforcement (cash for instance) but in the other it stalls and goes nowhere. The context always affects the value.

So parsing this out, the party making the value add registers it in both (all) value spaces they feel it belongs in (possibly affecting their Reputation if poorly placed) and the context and dynamics determine the value added.

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I ramble.

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/kdl

On 2011-09-15, at 12:29 AM, Tiberius Brastaviceanu <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)> wrote:

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Thu, Sep 15, 2011 at 4:17 AM

To: Steve Bosserman <[steve.bosserman@gmail.com](mailto:steve.bosserman@gmail.com)>, [pietrust-discuss@googlegroups.com](mailto:pietrust-discuss@googlegroups.com)

from Kurt, see bellow

----- Forwarded message -----

From: **Kurt Laitner** <[klaitner@gmail.com](mailto:klaitner@gmail.com)>

Date: Thu, Sep 15, 2011 at 3:54 AM

Subject: Re: Network-to-network interface

To: Tiberius Brastaviceanu <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)>

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**Tiberius Brastaviceanu** <tiberius.brastaviceanu@gmail.com>

**Thu, Sep 15, 2011 at 4:43 AM**

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So philosophically speaking you are for rewarding not in proportion to absolute effort/labor, but in proportion to the total value created through this effort/labor, and if there are multipliers within the economical system that's all fine.

I always found it unjust that a stupid pop singer with very little education makes (\$) ridiculously more than a doctor. The pop singer reaches more people, because his output is multiplied with the help of technology (TV, radio, CDs, etc.), so he makes more than a doctor who can only see one patient at the time. It's not just jealousy. This system creates powerful incentives and shifts attention towards highly rewarded trades, sometimes to the detriment of the community.

In the **new economy** we are building, we want to be rewarded in proportion to our efforts or to the value we create?

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**Bayle Shanks <bshanks@pietrust.org>**

Reply-To: [pietrust-discuss@googlegroups.com](mailto:pietrust-discuss@googlegroups.com)

To: [pietrust-discuss@googlegroups.com](mailto:pietrust-discuss@googlegroups.com)

Cc: Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)>, Steve Bosserman <[steve.bosserman@gmail.com](mailto:steve.bosserman@gmail.com)>

**Thu, Sep 15, 2011 at 2:51 PM**

i agree with Kurt, record it in each network, and the contribution may have different values in the context of each community.

Note: if possible, it would be technically useful for interoperability if the contribution itself was identified with a URI, and if both networks had a way to add a note saying which URI the contribution record was for (in PieTrust, each evaluation record has a field called "ref string" for this purpose). This way automated tools can tell that the two records in the two communities' logs are talking about the same thing.

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my preference is for the value created. Sadly it's very easy for people to accidentally spend a large proportion of their effort on things that have little or no value -- i do this frequently myself (the happy side is: it's sometimes possible for people to add a lot of value with very little effort, e.g. the pop singer example). Who gets stuck with the bill for the wasted effort? If the community rewards the individual based on effort, then the community is stuck with the bill. Seems to me this is a very expensive bill.

In addition, there may be second-order effects. If the community is stuck with the bill for wasted effort, then the community will demand the right to control (or at least pre-approve) individual expenditures of effort. This reduces freedom (bad), and also means that the community must have effective management structures that resist social pressures to let people work on unproductive things that sound good (difficult).

I think this maps closely to traditional employment. In traditional employment, the employee sells time to to their employer ("I'll be here every day from 9 to 5 and then some"). They must obey commands during this time, and it's then up to the employer to allocate this time to productive activities. If the employer tells them to work on something unproductive, the employee still gets paid for the time. If the employer fails to enforce their commands, and employees spend time on something unproductive, the employee still gets paid for the time. Hence, in traditional employment, sometimes companies get into policing their employees to make sure they don't spend too much time goofing off on the internet, etc.

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**Tiberius Brastaviceanu** <tiberius.brastaviceanu@gmail.com>

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To: pietrust-discuss@googlegroups.com

Cc: Kurt Laitner <klaitner@gmail.com>, Steve Bosserman <steve.bosserman@gmail.com>

Thanks Bayle!

[I remind you all that this theoretical discussion has very concrete implications.]

### Kurt

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### Bayle

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Up to this point **Kurt** and **Bayle** seem to agree on the option to reward the individual based on **value created**, NOT **efforts**. There are two arguments put forward by Bayle:

- a) **effort is disconnected from value** (as viewed by the community, in context) created, i.e. bad goals, poor skills, missallocation of resources, bad management, etc. [please intervene if my interpretation is incorrect!].
- b) if you reward according to efforts (e.g. pay per hour) the community will force individuals to align efforts with (community's) goals, hence we have control.

I am starting to believe that the secret might probably be something else.

- 1) I hope we all agree that the **pop singer example** (see bellow) illustrates something ridiculous about our economical system.
- 2) You convinced me that **efforts are not hard-linked to value**, and it gets even worse, because value is contextual, so the same efforts valued in one context can depreciate in others.

How can we reconcile 1) and 2)? They both seem right, but one contradicts one choice and the other one the other choice. So we are left with no choice, but we all know that value and effort MUST be taken into consideration...

So it is clear that we cannot have a reward formula solely based on **value** or solely based on **effort**.

Can we build a system in which the **mad scientist**, spending 25h/day in his lab potentially providing tremendous value to society, but who makes shitty money, AND the **pop singer** are properly treated?

hmmm...

- Can we **saturate** the contribution of the *total value produced* to the *reward formula* and take *effort* into

consideration as well?

- Can we estimate **average effort needed for a given value**, in context, and take that into consideration a well?
- What if we come up with a **totally new concept**, something like the **energy** in physic, which is an abstraction "composed" of different observables, like *mass* and *speed* in Newtonian mechanics  $E = (m*v^2)/2$ . This new thing which speaks *reward* would be a function of *effort* and *value created*, and perhaps something else.

I am just writing whatever goes through my mind...

**NOTE:** within an open enterprise (which is what we build) the individual decides what to spend efforts on and to take risks. These decisions are mediated by a system of incentives within the value network. The individual decision is never entirely free of constraints. Involvement in SENSORICA is not only for fun, we believe that soon SENSORICA will feed families.

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**Kurt Laitner** <[klaitner@gmail.com](mailto:klaitner@gmail.com)>

**Fri, Sep 16, 2011 at 10:39 AM**

To: Tiberius Brastaviceanu <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)>, [pietrust-discuss@googlegroups.com](mailto:pietrust-discuss@googlegroups.com), Steve  
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I will respond soon, but you are on exactly the right track Tiberius, the answer to the effort value-added to reward conundrum is both, and in proportions to be set by the value space. The bottom line is that just showing up IS worth something and we need to account for it. Which efforts will add value are more or less known depending on the maturity of the project but we must ensure our system is both

optimized and robust.

/kdl

On 9/16/11, Tiberius Brastaviceanu <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)> wrote:

> Thanks Bayle!

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Kurt Laitner  
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Direct: [780-938-3863](tel:780-938-3863)

Third Meta  
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To: Tiberius Brastaviceanu <tiberius.brastaviceanu@gmail.com>, pietrust-discuss@googlegroups.com, Steve Bosserman <steve.bosserman@gmail.com>

This is also why I speak of dimensions of value, and even if some are functions of others, each must be tracked as though orthogonal.

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--  
Kurt Laitner  
Business Architect  
Direct: [780-938-3863](tel:780-938-3863)

Third Meta

Steve Bosserman <steve.bosserman@gmail.com>

Sun, Sep 18, 2011 at 1:32 PM

To: Tiberius Brastaviceanu <tiberius.brastaviceanu@gmail.com>, Kurt Laitner <klaitner@gmail.com>, Bayle Shanks <bshanks@pietrust.org>

Cc: pietrust-discuss@googlegroups.com, Greener Acres <greener-acres@greeneracres.us.com>

Hi,

I don't know if my recent experiences with value networks are useful to this exchange, but I'll throw them into the mix and if they aren't, just delete them.

Earlier this spring, a group of 8, now, 11 of us small business owners (Tibi with SENSORICA is one of them!) started the [Greener Acres Value Network \(GAVNet\)](#) to focus on opportunities within the general economic and business development area of agricultural localization. As GAVNet builds momentum, we attract more participants as members and affiliates. Many who play with us bring their own value networks and associated knowledge commons to the table. It creates a dense web of enmeshed knowledge systems, to refer to terms from the 1980s and 90s, that targets agricultural localization as an area of shared interest. This establishes a very fertile space for innovative solutions--applications of know-how--to surface as candidates for further consideration and potential commercialization.

GAVNet's work in agricultural localization is wrapped-up in a wide range of infrastructure projects and business opportunities--the innovative solutions arising from enmeshed knowledge systems--that are loaded into what we call a "community investment portfolio" (CIP). This CIP becomes an attractor to all manner of human, built, natural, and even to some degree, financial, capitals "invested" by participants who play one or more roles (leaders / conveners, co-leaders / organizers, resources, recipients, and advocates) in support of multiple entries in the CIP.

We encourage investments of time and use of property under the investor's control rather than money. The goal is to keep the assets and resources of GAVNet available for use by members such that they can successfully commercialize their know-how for the markets they serve without incurring the risk of losing their assets to others outside the value network through default or sale. In this way, GAVNet can establish a sustainable "local economy" based on its knowledge commons about agricultural localization. Transactions conducted within this local economy increase the number and effectiveness of value network interrelationships, strengthen its knowledge commons about agricultural localization, and provide more opportunities for members and affiliates to invest their capitals in delivering their know-how applications deemed of value by recipients.

Due to the dual focus on agriculture and localization, GAVNet offers a unique opportunity for folks who are disenfranchised from the dominant "money as debt" system (approximately 25% of the adult U.S. population) to use the GAVNet processes, templates, and tools to establish sustainable local economies in their areas. In other words, we encourage people to setup "community investment portfolios" (CIPs) in their localities so their investments of time (the goal is no more than 4 hours / day for 6 days / week) and use of assets substantially increases the self-reliance of their community, provides meaningful work its members, and yields a return that, at a minimum, meets the basic needs (water, food, fuel / energy, housing, clothing, health care, and safety) for each person who invests. The presentation, [Your Time for Your Security](#), we gave to a group in Iowa last week offers additional rationale for what we're doing.

Our GAVNet infrastructure projects and business opportunities can be easily replicated so they fit into more than one CIP. In fact, doing so increases the exposure of our work to many audiences at once. This has the double advantage of giving people in different communities a "leg-up" on agricultural localization initiatives they can start right away that will make a positive difference for them, economically, and it gives GAVNet members wider access to markets AND resources that can develop and commercialize know-how more efficiently and effectively. For instance, we have several sponsored research projects underwritten by clients with deep pockets that would benefit from the "crowdsourcing effect" created by folks in many areas addressing them as entries in their CIPs. For this, they get a cut of the action--both in terms of compensation as well as application of the know-how

gained in their own projects and businesses.

As you might guess, this is a complex arrangement that is not easy to sort out. Multiple value networks; multiple CIPs; one project distributed across multiple CIPs; one value network member engaged in multiple infrastructure projects or business opportunities. Matching returns to investments in a fair and equitable manner becomes quite a challenge. This is especially the case when more than one medium of exchange is in use--time, usage, and money. And it is particularly difficult when a major goal is to provide opportunities for community members who have limited access to conventional funding to invest in meaningful, satisfying activities THAT ADD VALUE and be assured of a return for such an investment that meets their basic needs in a dignified manner--VALUE FOR VALUE. But unless I'm totally off base, it seems like we can draw upon your thinking in this "network to network interface" email exchange for some great insights and ideas that can help us out.

So, that's the view from GAVNet. We certainly appreciate your willingness to provide the platform where this intentionality on our part can be given thoughtful consideration. THANKS!

Warm regards,

Steve B.

On Fri, Sep 16, 2011 at 10:40 AM, Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)> wrote:

This is also why I speak of dimensions of value, and even if some are functions of others, each must be tracked as though orthogonal.

/kdl

On 9/16/11, Tiberius Brastaviceanu <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)> wrote:

> Thanks Bayle!

>

> [I remind you all that this theoretical discussion has very concrete

> implications.]

>

> \*

> \*

> \*Kurt\*

>

>> The context always affects the value.

>> ... the party making the value add registers it in both (all) value

>> spaces they feel it belongs in (possibly affecting their Reputation if

>> poorly placed) and the context and dynamics determine the value added.

>> ... different weights that may be placed on a given value dimension

>> in different value spaces.

>

>

> \*Bayle\*

>

>> record it [value] in each network, and the contribution may have different

>> values in the context of each community.

>

>

> Up to this point \*Kurt\* and \*Bayle\* seem to agree on the option to reward

> the individual based on \*value created\*, NOT \*efforts\*. There are two

> arguments put forward by Bayle:

>

> \*a)\* \*effort is disconnected from value \*(as viewed by the community, in

> context) created, i.e. bad goals, poor skills, missallocation of resources,

> bad management, etc. [please intervene if my interpretation is incorrect!].

> \*b)\* if you reward according to efforts (e.g. pay per hour) the community  
> will force individuals to align efforts with (community's) goals, hence we  
> have control.  
>  
>  
> I am starting to believe that the secret might probably be something else.  
>  
> \*1)\* I hope we all agree that the \*pop singer example\* (see bellow)  
> illustrates something ridiculous about our economical system.  
> \*2)\* You convinced me that \*efforts are not hard-linked to value\*, and it  
> gets even worse, because value is contextual, so the same efforts valued in  
> one context can depreciate in others.  
>  
> How can we reconcile 1) and 2)? They both seam right, but one contradicts  
> one choice and the other one the other choice. So we are left with no  
> choice, but we all know that value and effort MUST be taken into  
> consideration...  
>  
> So it is clear that we cannot have a reward formula solely based on \*value  
> \*or  
> solely based on \*effort\*.  
>  
> Can we build a system in which the \*mad scientist\*, spending 25h/day in his  
> lab potentially providing tremendous value to society, but who makes shitty  
> money, AND the \*pop singer\* are properly treated?  
>  
> hmmm...  
>  
> - Can we \*saturate \*the contribution of the\* total value produced\* to the  
> \*reward formula\* and take \*effort \*into consideration as well?  
> - Can we estimate \*average effort needed for a given value\*, in context,  
> and take that into consideration a well?  
> - What if we come up with \*a totally new concept\*, something like the \*  
> energy\* in physic, which is an abstraction "composed" of different  
> observables, like \*mass\* and \*speed\* in Newtonian mechanics  $E =$   
>  $(m \cdot v^2)/2$ . This new thing which speaks \*reward\* would be a function of \*  
> effort\* and \*value created\*, and perhaps something else.  
>  
> I am just writing whatever goes through my mind...  
>  
> \*NOTE\*: within an open enterprise (which is what we build) the individual  
> decides what to spend efforts on and to take risks. These decisions are  
> mediated by a system of incentives within the value network. The individual  
> decision is never entirely free of constraints. Involvement in SENSORICA is  
> not only for fun, we believe that soon SENSORICA will feed families.  
>  
> =====  
>  
> On Thu, Sep 15, 2011 at 2:51 PM, \*Bayle Shanks\* <[bshanks@pietrust.org](mailto:bshanks@pietrust.org)> wrote:  
>  
>> i agree with Kurt, record it in each network, and the contribution  
>> may have different values in the context of each community.  
>>  
>> Note: if possible, it would be technically useful for interoperability if  
>> the contribution itself was identified with a URI, and if both  
>> networks had a way to add a note saying which URI the contribution

>> record was for (in PieTrust, each evaluation record has a field called  
>> "ref string" for this purpose). This way automated tools can tell that  
>> the two records in the two communities' logs are talking about the  
>> same thing.  
>>  
>>  
>> > In the \*new economy\* we are building, we want to be rewarded in  
>> proportion  
>> > to our \*efforts\* or to the \*value we create\*?  
>>  
>> my preference is for the \*value created\*. Sadly it's very easy for  
>> people to accidentally spend a large proportion of their \*effort\* on  
>> things that have little or no value -- i do this frequently myself  
>> (the happy side is: it's sometimes possible for people to add a lot of  
>> value with very little effort, e.g. the pop singer example). Who gets  
>> stuck with the bill for the wasted effort? If the community rewards  
>> the individual based on effort, then the community is stuck with the  
>> bill. Seems to me this is a very expensive bill.  
>>  
>> In addition, there may be second-order effects. If the community is  
>> stuck with the bill for wasted effort, then the community will demand  
>> the right to control (or at least pre-approve) individual expenditures  
>> of effort. This reduces freedom (bad), and also means that the  
>> community must have effective management structures that resist social  
>> pressures to let people work on unproductive things that sound good  
>> (difficult).  
>>  
>> I think this maps closely to traditional employment. In  
>> traditional employment, the employee sells time to to  
>> their employer ("I'll be here every day from 9 to 5 and then some").  
>> They must obey commands during this time, and it's then up to the  
>> employer to allocate this time to productive activities. If the  
>> employer tells them to work on something unproductive, the employee  
>> still gets paid for the time. If the employer fails to enforce their  
>> commands, and employees spend time on something unproductive, the  
>> employee still gets paid for the time. Hence, in traditional  
>> employment, sometimes companies get into policing their employees to  
>> make sure they don't spend too much time goofing off on the internet,  
>> etc.  
>>  
>> Risk/reward gets in here too. The market pays more for taking on more  
>> risk. If the employer takes on the risk of misallocation of time, then  
>> if they manage their employees correctly, they should make more  
>> profits. When the employee takes on that risk, they'll get those extra  
>> profits. This is probably one of the reasons that independent  
>> contractors and startup founders can get paid more than employees.  
>>  
>> Seems to me that the decision should come down to: who should be  
>> making the decision about what people spend their efforts on? The  
>> community or the individual who spends the effort? I think the answer  
>> varies by situation, but "the individual" is the better default.  
>>  
>>  
>>  
>>  
>>  
>>

>> On Thu, Sep 15, 2011 at 04:43:23AM -0400, Tiberius Brastaviceanu wrote:  
>> > Yap, this makes a lot of sense \*Kurt\*. Your point is well taken, my  
>> example  
>> > is simplistic, thank you for dressing it up with all the nuance.  
>> >  
>> > Don't worry about commitment, you already help a lot. The only issue I  
>> have  
>> > with your contributions is that they are only recorded on our chats. In  
>> > other words, your x is not registered and valued as it should. I hope  
>> > you  
>> > get some value out of our exchanges, not just migraines ; )  
>> >  
>> > The context always affects the value.  
>> > > ... the party making the value add registers it in both (all) value  
>> spaces  
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>> > > placed) and the context and dynamics determine the value added.  
>> > > ... different weights that may be placed on a given value dimension in  
>> > > different value spaces.  
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>> >  
>> > So philosophically speaking you are for rewarding not in proportion to  
>> > absolute effort/labor, but in proportion to the total value created  
>> through  
>> > this effort/labor, and if there are multipliers within the economical  
>> system  
>> > that's all fine.  
>> >  
>> > I always found it unjust that a stupid pop singer with very little  
>> education  
>> > makes (\$) ridiculously more than a doctor. The pop singer reaches more  
>> > people, because his output is multiplied with the help of technology  
>> > (TV,  
>> > radio, CDs, etc.), so he makes more than a doctor who can only see one  
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--  
Kurt Laitner  
Business Architect  
Direct: [780-938-3863](tel:780-938-3863)

Third Meta  
Business Process and Information Management Consulting

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**Tiberius Brastaviceanu** <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)>

Sun, Sep 18, 2011 at 3:31 PM

To: Steve Bosserman <[steve.bosserman@gmail.com](mailto:steve.bosserman@gmail.com)>

Cc: Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)>, Bayle Shanks <[bshanks@pietrust.org](mailto:bshanks@pietrust.org)>, pietrust-discuss@googlegroups.com, Greener Acres <[greener-acres@greeneracres.us.com](mailto:greener-acres@greeneracres.us.com)>, Octavian Cismasu <[octavian.cismasu@gmail.com](mailto:octavian.cismasu@gmail.com)>

**Steve**, this is great! Your message describes very well a particular context (local food systems) in which our **value accounting** and **value exchange** infrastructure will be applied.

Steve's writing is very condensed and might seem obscure for those of you who are not versed in value networks and who are not familiar with Steve's "*community investment portfolio*" (CIP) concept. But it is crystal clear and very deep for those of us who have collaborated together on these projects for more than 6 months now. We've developed our own jargon...

In order to make our next Skype meeting more effective, before our Skype meeting next week I encourage PieTrust members to clear any questions you might have, and also to give us some background on your work.

For more on **SENSORICA** you can follow this link  
<http://www.sensorica.co/home/building-a-community>

Tibi

On Sun, Sep 18, 2011 at 1:32 PM, Steve Bosserman <[steve.bosserman@gmail.com](mailto:steve.bosserman@gmail.com)> wrote:

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very fertile space for innovative solutions--applications of know-how--to surface as candidates for further consideration and potential commercialization.

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We encourage investments of time and use of property under the investor's control rather than money. The goal is to keep the assets and resources of GAVNet available for use by members such that they can successfully commercialize their know-how for the markets they serve without incurring the risk of losing their assets to others outside the value network through default or sale. In this way, GAVNet can establish a sustainable "local economy" based on its knowledge commons about agricultural localization. Transactions conducted within this local economy increase the number and effectiveness of value network interrelationships, strengthen its knowledge commons about agricultural localization, and provide more opportunities for members and affiliates to invest their capitals in delivering their know-how applications deemed of value by recipients.

Due to the dual focus on agriculture and localization, GAVNet offers a unique opportunity for folks who are disenfranchised from the dominant "money as debt" system (approximately 25% of the adult U.S. population) to use the GAVNet processes, templates, and tools to establish sustainable local economies in their areas. In other words, we encourage people to setup "community investment portfolios" (CIPs) in their localities so their investments of time (the goal is no more than 4 hours / day for 6 days / week) and use of assets substantially increases the self-reliance of their community, provides meaningful work its members, and yields a return that, at a minimum, meets the basic needs (water, food, fuel / energy, housing, clothing, health care, and safety) for each person who invests. The presentation, [Your Time for Your Security](#), we gave to a group in Iowa last week offers additional rationale for what we're doing.

Our GAVNet infrastructure projects and business opportunities can be easily replicated so they fit into more than one CIP. In fact, doing so increases the exposure of our work to many audiences at once. This has the double advantage of giving people in different communities a "leg-up" on agricultural localization initiatives they can start right away that will make a positive difference for them, economically, and it gives GAVNet members wider access to markets AND resources that can develop and commercialize know-how more efficiently and effectively. For instance, we have several sponsored research projects underwritten by clients with deep pockets that would benefit from the "crowdsourcing effect" created by folks in many areas addressing them as entries in their CIPs. For this, they get a cut of the action--both in terms of compensation as well as application of the know-how gained in their own projects and businesses.

As you might guess, this is a complex arrangement that is not easy to sort out. Multiple value networks; multiple CIPs; one project distributed across multiple CIPs; one value network member engaged in multiple infrastructure projects or business opportunities. Matching returns to investments in a fair and equitable manner becomes quite a challenge. This is especially the case when more than one medium of exchange is in use--time, usage, and money. And it is particularly difficult when a major goal is to provide opportunities for community members who have limited access to conventional funding to invest in meaningful, satisfying activities THAT ADD VALUE and be assured of a return for such an investment that meets their basic needs in a dignified manner--VALUE FOR VALUE. But unless I'm totally off base, it seems like we can draw upon your thinking in this "network to network interface" email exchange for some great insights and ideas that can help us out.

So, that's the view from GAVNet. We certainly appreciate your willingness to provide the platform where this intentionality on our part can be given thoughtful consideration. THANKS!

Warm regards,

Steve B.

On Fri, Sep 16, 2011 at 10:40 AM, Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)> wrote:

This is also why I speak of dimensions of value, and even if some are functions of others, each must be tracked as though orthogonal.

/kdl

On 9/16/11, Tiberius Brastaviceanu <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)> wrote:

> Thanks Bayle!

>

> [I remind you all that this theoretical discussion has very concrete  
> implications.]

>

> \*

> \*

> \*Kurt\*

>

>> The context always affects the value.

>> ... the party making the value add registers it in both (all) value

>> spaces they feel it belongs in (possibly affecting their Reputation if

>> poorly placed) and the context and dynamics determine the value added.

>> ... different weights that may be placed on a given value dimension

>> in different value spaces.

>

>

> \*Bayle\*

>

>> record it [value] in each network, and the contribution may have different

>> values in the context of each community.

>

>

> Up to this point \*Kurt\* and \*Bayle\* seem to agree on the option to reward

> the individual based on \*value created\*, NOT \*efforts\*. There are two

> arguments put forward by Bayle:

>

> \*a)\* \*effort is disconnected from value \*(as viewed by the community, in

> context) created, i.e. bad goals, poor skills, missallocation of resources,

> bad management, etc. [please intervene if my interpretation is incorrect!].

> \*b)\* if you reward according to efforts (e.g. pay per hour) the community

> will force individuals to align efforts with (community's) goals, hence we

> have control.

>

>

> I am starting to believe that the secret might probably be something else.

>

> \*1)\* I hope we all agree that the \*pop singer example\* (see bellow)

> illustrates something ridiculous about our economical system.

> \*2)\* You convinced me that \*efforts are not hard-linked to value\*, and it

> gets even worse, because value is contextual, so the same efforts valued in

> one context can depreciate in others.

>

> How can we reconcile 1) and 2)? They both seem right, but one contradicts

> one choice and the other one the other choice. So we are left with no

> choice, but we all know that value and effort MUST be taken into

> consideration...

>

> So it is clear that we cannot have a reward formula solely based on \*value  
> \*or  
> solely based on \*effort\*.  
>  
> Can we build a system in which the \*mad scientist\*, spending 25h/day in his  
> lab potentially providing tremendous value to society, but who makes shitty  
> money, AND the \*pop singer\* are properly treated?  
>  
> hmmm...  
>  
> - Can we \*saturate \*the contribution of the\* total value produced\* to the  
> \*reward formula\* and take \*effort \*into consideration as well?  
> - Can we estimate \*average effort needed for a given value\*, in context,  
> and take that into consideration a well?  
> - What if we come up with \*a totally new concept\*, something like the \*  
> energy\* in physic, which is an abstraction "composed" of different  
> observables, like \*mass\* and \*speed\* in Newtonian mechanics  $E =$   
>  $(m \cdot v^2)/2$ . This new thing which speaks \*reward\* would be a function of \*  
> effort\* and \*value created\*, and perhaps something else.  
>  
> I am just writing whatever goes through my mind...  
>  
> \*NOTE\*: within an open enterprise (which is what we build) the individual  
> decides what to spend efforts on and to take risks. These decisions are  
> mediated by a system of incentives within the value network. The individual  
> decision is never entirely free of constraints. Involvement in SENSORICA is  
> not only for fun, we believe that soon SENSORICA will feed families.  
>  
> =====  
>  
> On Thu, Sep 15, 2011 at 2:51 PM, \*Bayle Shanks\* <[bshanks@pietrust.org](mailto:bshanks@pietrust.org)> wrote:  
>  
>> i agree with Kurt, record it in each network, and the contribution  
>> may have different values in the context of each community.  
>>  
>> Note: if possible, it would be technically useful for interoperability if  
>> the contribution itself was identified with a URI, and if both  
>> networks had a way to add a note saying which URI the contribution  
>> record was for (in PieTrust, each evaluation record has a field called  
>> "ref string" for this purpose). This way automated tools can tell that  
>> the two records in the two communities' logs are talking about the  
>> same thing.  
>>  
>>  
>> > In the \*new economy\* we are building, we want to be rewarded in  
>> proportion  
>> > to our \*efforts \*or to the \*value we create\*?  
>>  
>> my preference is for the \*value created\*. Sadly it's very easy for  
>> people to accidentally spend a large proportion of their \*effort\* on  
>> things that have little or no value -- i do this frequently myself  
>> (the happy side is: it's sometimes possible for people to add a lot of  
>> value with very little effort, e.g. the pop singer example). Who gets  
>> stuck with the bill for the wasted effort? If the community rewards  
>> the individual based on effort, then the community is stuck with the  
>> bill. Seems to me this is a very expensive bill.

>>

>> In addition, there may be second-order effects. If the community is  
>> stuck with the bill for wasted effort, then the community will demand  
>> the right to control (or at least pre-approve) individual expenditures  
>> of effort. This reduces freedom (bad), and also means that the  
>> community must have effective management structures that resist social  
>> pressures to let people work on unproductive things that sound good  
>> (difficult).

>>

>> I think this maps closely to traditional employment. In  
>> traditional employment, the employee sells time to to  
>> their employer ("I'll be here every day from 9 to 5 and then some").  
>> They must obey commands during this time, and it's then up to the  
>> employer to allocate this time to productive activities. If the  
>> employer tells them to work on something unproductive, the employee  
>> still gets paid for the time. If the employer fails to enforce their  
>> commands, and employees spend time on something unproductive, the  
>> employee still gets paid for the time. Hence, in traditional  
>> employment, sometimes companies get into policing their employees to  
>> make sure they don't spend too much time goofing off on the internet,  
>> etc.

>>

>> Risk/reward gets in here too. The market pays more for taking on more  
>> risk. If the employer takes on the risk of misallocation of time, then  
>> if they manage their employees correctly, they should make more  
>> profits. When the employee takes on that risk, they'll get those extra  
>> profits. This is probably one of the reasons that independent  
>> contractors and startup founders can get paid more than employees.

>>

>> Seems to me that the decision should come down to: who should be  
>> making the decision about what people spend their efforts on? The  
>> community or the individual who spends the effort? I think the answer  
>> varies by situation, but "the individual" is the better default.

>>

>>

>>

>>

>>

>>

>> On Thu, Sep 15, 2011 at 04:43:23AM -0400, Tiberius Brastaviceanu wrote:

>> > Yap, this makes a lot of sense \*Kurt\*. Your point is well taken, my  
>> example

>> > is simplistic, thank you for dressing it up with all the nuance.

>> >

>> > Don't worry about commitment, you already help a lot. The only issue I  
>> have

>> > with your contributions is that they are only recorded on our chats. In

>> > other words, your x is not registered and valued as it should. I hope

>> > you

>> > get some value out of our exchanges, not just migraines ; )

>> >

>> > The context always affects the value.

>> > > ... the party making the value add registers it in both (all) value

>> spaces

>> > > they feel it belongs in (possibly affecting their Reputation if poorly

>> > > placed) and the context and dynamics determine the value added.

>> > > ... different weights that may be placed on a given value dimension in

>> > different value spaces.  
>> >  
>> >  
>> > So philosophically speaking you are for rewarding not in proportion to  
>> > absolute effort/labor, but in proportion to the total value created  
>> > through  
>> > this effort/labor, and if there are multipliers within the economical  
>> > system  
>> > that's all fine.  
>> >  
>> > I always found it unjust that a stupid pop singer with very little  
>> > education  
>> > makes (\$) ridiculously more than a doctor. The pop singer reaches more  
>> > people, because his output is multiplied with the help of technology  
>> > (TV,  
>> > radio, CDs, etc.), so he makes more than a doctor who can only see one  
>> > patient at the time. It's not just jealousy. This system creates  
>> > powerful  
>> > incentives and shifts attention towards highly rewarded trades,  
>> > sometimes  
>> > to  
>> > the detriment of the community.  
>> >  
>> > In the \*new economy\* we are building, we want to be rewarded in  
>> > proportion  
>> > to our efforts or to the value we create?  
>> >  
>> >  
>> >  
>> > On Thu, Sep 15, 2011 at 3:54 AM, Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)>  
>> > wrote:  
>> >  
>> > > The simple answer is yes you should get to register the value in both  
>> > > networks. That said calling it 2x is simplistic. Taking a simple  
>> > > dimension  
>> > > of value, let's look at Time. The Time dimension is registered in  
>> > > both  
>> > > places but depending on the amount of time in each network (total time  
>> > > spent  
>> > > by everyone) the time might be 'worth' different amounts in each  
>> > > network.  
>> > >  
>> > > This issue becomes more complicated when we look at other dimensions  
>> > > of  
>> > > value. A given deliverable may not resonate equally in two value  
>> > > spaces,  
>> > > and in one space it is added to and hits a reinforcement (cash for  
>> > > instance)  
>> > > but in the other it stalls and goes nowhere. The context always  
>> > > affects  
>> > > the value.  
>> > >  
>> > > So parsing this out, the party making the value add registers it in  
>> > > both  
>> > > (all) value spaces they feel it belongs in (possibly affecting their  
>> > > Reputation if poorly placed) and the context and dynamics determine



>> > the  
>> > value added.  
>> >  
>> > Note that if we get to value equations some day, this is further  
>> > complicated by the different weights that may be placed on a given  
>> value  
>> > dimension in different value spaces.  
>> >  
>> > I am nursing a migraine so i will stop there.  
>> >  
>> > Sorry to not have gotten involved yet, i had said to Steve i would  
>> > post  
>> > within 2 weeks and it is now the third week (i would be losing  
>> Reputation  
>> > based on poor Commitment). In this dimVal making commitments then  
>> keeping  
>> > them is most valuable, not making them is neutral and making them and  
>> not  
>> > keeping them is a negative.  
>> >  
>> > I ramble.  
>> >  
>> > Repost to others as you see fit.  
>> >  
>> > /kdl  
>> >  
>> >  
>> > On 2011-09-15, at 12:29 AM, Tiberius Brastaviceanu <  
>> > [tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)> wrote:  
>> >  
>> > Hi \*Kurt\*,  
>> >  
>> > I have a concrete problem for you about value systems.  
>> >  
>> > We have two networks X and W, and A and B are members of both. A and B  
>> have  
>> > an activity together that affects the value of both X and W. How  
>> > should  
>> A  
>> > and B log their contribution. Do they log it in W and in X?  
>> >  
>> > \*Example\*: \*Steve\* and I have a Skype meeting in which we discuss  
>> > about  
>> > SENSORICA and Greener Acres, for instance about how SENSORICA can  
>> provide  
>> > sensing technology for local food systems.  
>> >  
>> > This activity adds value in both networks, Steve and I are members in  
>> both  
>> > networks. Do I have to log the same activity in both networks? In this  
>> case  
>> > my effort is duplicated. I give x and I get 2x in return. In a sense  
>> it's  
>> > OK, because the x I give creates 2x of value in the real world, I  
>> affect



>> > both communities (same thing for Steve).  
>> >>  
>> >> We can also imagine that some x I give might increase value in more  
>> than 2  
>> >> networks. It seems that the output of a single person can multiply  
>> itself.  
>> >> Should the person get x-multiplied back from society? Or just an  
>> equivalent  
>> >> to the person's effort? This is the question!  
>> >>  
>> >>  
>> >> NOTE: I also copied Bayle and his PieTrust group on this one.  
>> >>  
>> >>  
>> >>  
>> >> --  
>> >> t!b! <<http://www.google.com/profiles/tiberius.brastaviceanu>>  
>> >> co-founder of SENSORICA <<http://www.sensorica.co>>,  
>> >> an open, decentralized and self-organizing  
>> >> value network (an open enterprise)  
>> >>  
>> >> founder of Multitude Project<  
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> founder of Multitude Project <<https://sites.google.com/site/multitude2008/>>  
>

--  
Kurt Laitner  
Business Architect  
Direct: [780-938-3863](tel:780-938-3863)

Third Meta  
Business Process and Information Management Consulting

—

[tlb!](#)

co-founder of [SENSORICA](#),  
an open, decentralized and self-organizing  
value network (an open enterprise)

founder of [Multitude Project](#)

---

**Steve Bosserman** <[steve.bosserman@gmail.com](mailto:steve.bosserman@gmail.com)>

**Mon, Sep 19, 2011 at 9:49 PM**

To: Tiberius Brastaviceanu <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)>, Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)>, Bayle Shanks <[bshanks@pietrust.org](mailto:bshanks@pietrust.org)>

Cc: [pietrust-discuss@googlegroups.com](mailto:pietrust-discuss@googlegroups.com), Greener Acres <[greener-acres@greeneracres.us.com](mailto:greener-acres@greeneracres.us.com)>, Octavian Cismasu <[octavian.cismasu@gmail.com](mailto:octavian.cismasu@gmail.com)>

Hi,

As a further clarification for Thursday's Skype meeting, I might add a few more details about the "community investment portfolio" (CIP) and the role of portfolio manager since they are central to the functioning of the Greener Acres Value Network (GAVNet).

#### **Localization Framework**

Given the focus of GAVNet is on agricultural localization, we adopted a "localization framework" that assists community members in determining where they can target the development of infrastructure projects (economic / community development) and business development opportunities within their local economies that incur the least risk and carry the greatest potential for gain. We have a couple of presentations under the title [Framework4Localization](#) that show how the various elements come together.

#### **CIP Entries**

Note that there are several value-add categories available for projects and businesses to attach themselves in the flow from sources on the left to the delivery of products and services to the markets on the right and the return cycle that recharges the sources. These projects and businesses not only populate the CIP, they strengthen it through their association with the localization framework. The combination of number of entries and how well they fill-out the complete framework make it a compelling draw worthy of community members to invest their time, resources, and money.

#### **CIP Priorities**

Of course, not all projects and businesses are created equal in terms of priority at a given time. Market metrics related to basic needs, e.g., water / effluent, food, fuel / energy, housing, clothing, security / safety, healthcare, and education help distinguish immediate value from longer term benefit. The starting point for agricultural localization is at the points of consumption. From there the system builds backwards to the points of production and feedstock of raw materials / data.

For example, a community is at risk if members do not have 1 gallon per day per person of potable water, or 1500-2000 calories per day per person of healthy food, or 100-200 sq. ft. of protected living space, etc. Those projects and businesses that deliver basic needs like gallons, calories, and square feet to the points of use / consumption by community members carry a higher priority than those that are closer to the production side of the value chain. No where is this more evident in the U.S. than in metropolitan areas where poverty and joblessness have conspired to drive up food insecurity rates for children far above 10%—Youngstown, OH, for instance, is the third worst in the nation at 33%. The CIP in the Youngstown area may list several food-related projects and businesses within the localization framework, but without exception the highest priority goes to

those that distribute 1500-2000 healthy, tasty, convenient, ready-to-eat meals / food products to children.

### **Portfolio Manager:**

The role of a portfolio manager is to facilitate the development and maintenance of the CIP with regard to how readily members can post entries, organize them according to priority, and act upon them effectively and decisively.

A portfolio manager assures that participants can use the templates and tools effectively to complete entries for inclusion in the CIP. Then, they help participants coordinate activities that advance their CIP entries in preparation for launch and follow-up support. In other words, a portfolio manager represents the interests of community members as they invest their various capitals in projects and businesses that are central to the establishment and sustainability of their local economy.

A portfolio manager is a contractor, not an employee. The portfolio manager may negotiate the terms of compensation by method, e.g., retainer, flat fee, percentage of value gained, etc., and medium of exchange, e.g., time units, usage units, community currencies, money, etc., with members of the client community. The role of portfolio manager covers both economic / community development projects and business development opportunities as candidates in the CIP.

A portfolio manager is not a solitary actor who must bear responsibility in isolation. Portfolio managers for CIPs are members of their own value network and contribute to a knowledge commons dedicated to portfolio management. This enables their capacity to deliver valuable know-how about CIPs to their community members to steadily grow. That means ALL the CIP-related processes, templates, and tools already in place on [LocalFoodSystems.org](http://LocalFoodSystems.org) and [GAVNet](http://GAVNet) plus the many, many more that will evolve over time will be available in the portfolio management commons for current or aspiring portfolio managers and those who are simply curious about the role to tap.

So, those are several important aspects that may offer a fuller sense of what we're up to.

Thanks again for your consideration. Questions are welcome. I don't have many answers, but it helps to know how confusing it is to others ;-)

Looking forward to our conversation on Thursday!

All the best,

Steve B.

On Sun, Sep 18, 2011 at 3:31 PM, Tiberius Brastaviceanu <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)> wrote:

**Steve**, this is great! Your message describes very well a particular context (local food systems) in which our **value accounting** and **value exchange** infrastructure will be applied.

Steve's writing is very condensed and might seem obscure for those of you who are not versed in value networks and who are not familiar with Steve's "*community investment portfolio*" (CIP) concept. But it is crystal clear and very deep for those of us who have collaborated together on these projects for more than 6 months now. We've developed our own jargon...

In order to make our next Skype meeting more effective, before our Skype meeting next week I encourage PieTrust members to clear any questions you might have, and also to give us some background on your work.

For more on **SENSORICA** you can follow this link  
<http://www.sensorica.co/home/building-a-community>

Tibi

On Sun, Sep 18, 2011 at 1:32 PM, Steve Bosserman <[steve.bosserman@gmail.com](mailto:steve.bosserman@gmail.com)> wrote:

Hi,

I don't know if my recent experiences with value networks are useful to this exchange, but I'll throw them into the mix and if they aren't, just delete them.

Earlier this spring, a group of 8, now, 11 of us small business owners (Tibi with SENSORICA is one of them!) started the [Greener Acres Value Network \(GAVNet\)](#) to focus on opportunities within the general economic and business development area of agricultural localization. As GAVNet builds momentum, we attract more participants as members and affiliates. Many who play with us bring their own value networks and associated knowledge commons to the table. It creates a dense web of enmeshed knowledge systems, to refer to terms from the 1980s and 90s, that targets agricultural localization as an area of shared interest.

This establishes a very fertile space for innovative solutions--applications of know-how--to surface as candidates for further consideration and potential commercialization.

GAVNet's work in agricultural localization is wrapped-up in a wide range of infrastructure projects and business opportunities--the innovative solutions arising from enmeshed knowledge systems--that are loaded into what we call a "community investment portfolio" (CIP). This CIP becomes an attractor to all manner of human, built, natural, and even to some degree, financial, capitals "invested" by participants who play one or more roles (leaders / conveners, co-leaders / organizers, resources, recipients, and advocates) in support of multiple entries in the CIP.

We encourage investments of time and use of property under the investor's control rather than money. The goal is to keep the assets and resources of GAVNet available for use by members such that they can successfully commercialize their know-how for the markets they serve without incurring the risk of losing their assets to others outside the value network through default or sale. In this way, GAVNet can establish a sustainable "local economy" based on its knowledge commons about agricultural localization. Transactions conducted within this local economy increase the number and effectiveness of value network interrelationships, strengthen its knowledge commons about agricultural localization, and provide more opportunities for members and affiliates to invest their capitals in delivering their know-how applications deemed of value by recipients.

Due to the dual focus on agriculture and localization, GAVNet offers a unique opportunity for folks who are disenfranchised from the dominant "money as debt" system (approximately 25% of the adult U.S. population) to use the GAVNet processes, templates, and tools to establish sustainable local economies in their areas. In other words, we encourage people to setup "community investment portfolios" (CIPs) in their localities so their investments of time (the goal is no more than 4 hours / day for 6 days / week) and use of assets substantially increases the self-reliance of their community, provides meaningful work its members, and yields a return that, at a minimum, meets the basic needs (water, food, fuel / energy, housing, clothing, health care, and safety) for each person who invests. The presentation, [Your Time for Your Security](#), we gave to a group in Iowa last week offers additional rationale for what we're doing.

Our GAVNet infrastructure projects and business opportunities can be easily replicated so they fit into more than one CIP. In fact, doing so increases the exposure of our work to many audiences at once. This has the double advantage of giving people in different communities a "leg-up" on agricultural localization initiatives they can start right away that will make a positive difference for them, economically, and it gives GAVNet members wider access to markets AND resources that can develop and commercialize know-how more efficiently and effectively. For instance, we have several sponsored research projects underwritten by clients with deep pockets that would benefit from the "crowdsourcing effect" created by folks in many areas addressing them as entries in their CIPs. For this, they get a cut of the action--both in terms of compensation as well as application of the know-how gained in their own projects and businesses.

As you might guess, this is a complex arrangement that is not easy to sort out. Multiple value networks; multiple CIPs; one project distributed across multiple CIPs; one value network member engaged in multiple infrastructure projects or business opportunities. Matching returns to investments in a fair and equitable

manner becomes quite a challenge. This is especially the case when more than one medium of exchange is in use--time, usage, and money. And it is particularly difficult when a major goal is to provide opportunities for community members who have limited access to conventional funding to invest in meaningful, satisfying activities THAT ADD VALUE and be assured of a return for such an investment that meets their basic needs in a dignified manner--VALUE FOR VALUE. But unless I'm totally off base, it seems like we can draw upon your thinking in this "network to network interface" email exchange for some great insights and ideas that can help us out.

So, that's the view from GAVNet. We certainly appreciate your willingness to provide the platform where this intentionality on our part can be given thoughtful consideration. THANKS!

Warm regards,

Steve B.

On Fri, Sep 16, 2011 at 10:40 AM, Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)> wrote:

This is also why I speak of dimensions of value, and even if some are functions of others, each must be tracked as though orthogonal.

/kdl

On 9/16/11, Tiberius Brastaviceanu <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)> wrote:

> Thanks Bayle!

>

> [I remind you all that this theoretical discussion has very concrete  
> implications.]

>

> \*

> \*

> \*Kurt\*

>

>> The context always affects the value.

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>> spaces they feel it belongs in (possibly affecting their Reputation if

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>

>

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>

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>> > > to the person's effort? This is the question!  
>> > >  
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>> > > NOTE: I also copied Bayle and his PieTrust group on this one.  
>> > >  
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Kurt Laitner  
Business Architect  
Direct: [780-938-3863](tel:780-938-3863)

Third Meta  
Business Process and Information Management Consulting

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**Bayle Shanks <[bshanks@pietrust.org](mailto:bshanks@pietrust.org)>**

**Mon, Sep 19, 2011 at 9:52 PM**

Reply-To: [pietrust-discuss@googlegroups.com](mailto:pietrust-discuss@googlegroups.com)

To: [pietrust-discuss@googlegroups.com](mailto:pietrust-discuss@googlegroups.com)

Cc: Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)>, Steve Bosserman <[steve.bosserman@gmail.com](mailto:steve.bosserman@gmail.com)>

> \*1)\* I hope we all agree that the \*pop singer example\* (see bellow)  
> illustrates something ridiculous about our economical system.

i wouldn't go so far as to say 'ridiculous'; i'm not sure that paying the pop singer a lot of money is the wrong answer in the end. But it does seem unintuitive on the face of it, so it's certainly a good guess that a reasonable system could be found that doesn't do this.

> This new thing which speaks \*reward\* would be a function of \*  
> effort\* and \*value created\*, and perhaps something else.

hmm if you found a new formula for that, it would be analogous (in the sense of having a similar position in the overall structure, not necessarily in the sense of yielding identical results) to the way that ordinary capitalism sets price via supply/demand -> price, if "effort" := "cost" which is related to "supply", and "value" is related to demand.

That is, (the effort that an activity takes you) determines how much you'd have to be paid to do it; in aggregate, this produces the labor

supply curve (it's a curve because different people have to expend different amounts of effort to accomplish the same thing; but also because different people need the money more or less).

(The value that someone else's work gives you) determines how much you'd be willing to pay them to do it for you; in aggregate, this produces the labor demand curve.

By combining information from both curves can you find the place where the market clears, which sets the actual price, so idealized capitalism computes price by taking into account both effort and value created, among other things.

On Fri, Sep 16, 2011 at 02:10:11AM -0400, Tiberius Brastaviceanu wrote:

> Thanks Bayle!

>

> [I remind you all that this theoretical discussion has very concrete  
> implications.]

>

> \*

> \*

> \*Kurt\*

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> > > > Should the person get x-multiplied back from society? Or just an  
> > equivalent  
> > > > to the person's effort? This is the question!  
> > > >  
> > > >  
> > > > NOTE: I also copied Bayle and his PieTrust group on this one.  
> > > >  
> > > >  
> > > >  
> > > > --  
> > > > t!b! <<http://www.google.com/profiles/tiberius.brastaviceanu>>  
> > > > co-founder of SENSORICA <<http://www.sensorica.co>> ,  
> > > > an open, decentralized and self-organizing  
> > > > value network (an open enterprise)  
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> > > > founder of Multitude Project <<https://sites.google.com/site/multitude2008/>>

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**Samuel Rose** <[samuel.rose@gmail.com](mailto:samuel.rose@gmail.com)>

Tue, Sep 20, 2011 at 1:26 AM

Reply-To: [pietrust-discuss@googlegroups.com](mailto:pietrust-discuss@googlegroups.com)

To: [pietrust-discuss@googlegroups.com](mailto:pietrust-discuss@googlegroups.com)

Cc: Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)>, Steve Bosserman <[steve.bosserman@gmail.com](mailto:steve.bosserman@gmail.com)>

A few comments:

In general, following the discussion here between Bayle, Kurt,

Tiberius and Steve

It seems to me that the dilemmas you all describe related to network to network connections, "value" vs. "effort", mixing a system of "value" and "effort" recognition, etc all boil down to paradigm/worldview/fundamental assumptions problem.

So, if you tasked yourself for instance, with the problem of how to connect two networks using a system like pietrust, I think before the system is opened up for P2P participation, that a period of social negotiation would need to be fostered and stewarded. Because, what is really happening here is \*community building\*. So people should meet, get to know and trust one another, and there should be support people present who are versed in community building. The primary task in community building will be to resolve diverse worldviews. You cannot resolve diverse worldview perspectives by insisting your worldview is "right", any more than one radio can receive a transmission from another in frequencies that do not match. So, the community lives or dies on whether it addresses what is "in it" for the people who comprise the community. This is where the so-called "Value Network" process can also be applied if participants are willing, as an exercise to help tune transmitters to receivers across spectrums (or at least get people to start moving the knobs around...)

Beyond this, an understanding of Social Dilemmas is essential (or you will likely find yourself \*in\* them...)

From our work in Forward Foundation/Future Forward Institute:

"The absolutely essential understanding to be absorbed here is that commons management (cooperative co-management of resources) is not primarily a technical problem but a social one and that the key ingredient in the solution is information transparency. Therefore, implementation requires a thorough grounding in both social dilemmas (Kollock) as well as technology design."

<http://forwardfound.org/blog/?q=resource-sharing-grounding-21st-century-economy>

The reference to "Kollock" can be read in more detail here:

<http://cooperationcommons.com/node/390>

From that summary, Kollock mentions: "Recent evidence suggests that the strategy of choosing partners is more important than the strategy used within a dilemma. In a modified version of iterative Prisoner's Dilemma tournament actors can exit current relationships and choose alternative partners. A very successful strategy in this environment is Out-for-Tat which exits a relationship as soon as the partner defects. A more forgiving version that gives a defecting partner a second chance is even more successful."

Kollock confirms that relationship building is vital to success in communities/value networks/sharing systems.

So, what does this have to do with pietrust?

Build your relationships and community \*first\*. This will then inform

and drive how you might use pietrust (should you determined pietrust is a good fit). Pietrust can handle many different rule sets for how to award slices of the "pie". So, you could only allow participants to evaluate based on "effort" (hours worked) alone, then pass off the equations to pietrust API, and it will calculate, track and return data. I am not suggesting that you do this, but you \*could\* do it. I offer that description as a demonstrative example that pietrust affords a wide array of rules and logics for how shares are allocated. (You can even create new pies withing slices, for instance).

Hopefully this doesn't come across as dismissive of what the rest of you have discussed. Offered as constructive feedback only.

On Fri, Sep 16, 2011 at 2:10 AM, Tiberius Brastaviceanu

[<tiberius.brastaviceanu@gmail.com>](mailto:tiberius.brastaviceanu@gmail.com) wrote:

> Thanks Bayle!  
> [I remind you all that this theoretical discussion has very concrete  
> implications.]  
>  
> Kurt  
>>  
>> The context always affects the value.  
>> ... the party making the value add registers it in both (all) value  
>> spaces they feel it belongs in (possibly affecting their Reputation if  
>> poorly placed) and the context and dynamics determine the value added.  
>> ... different weights that may be placed on a given value dimension  
>> in different value spaces.  
>  
> Bayle  
>>  
>> record it [value] in each network, and the contribution may have different  
>> values in the context of each community.  
>  
> Up to this point Kurt and Bayle seam to agree on the option to reward the  
> individual based on value created, NOT efforts. There are two arguments put  
> forward by Bayle:  
>  
> a) effort is disconnected from value (as viewed by the community, in  
> context) created, i.e. bad goals, poor skills, missallocation of resources,  
> bad management, etc. [please intervene if my interpretation is incorrect!].  
> b) if you reward according to efforts (e.g. pay per hour) the community  
> will force individuals to align efforts with (community's) goals, hence we  
> have control.  
>  
> I am starting to believe that the secret might probably be something else.  
> 1) I hope we all agree that the pop singer example (see bellow)  
> illustrates something ridiculous about our economical system.  
> 2) You convinced me that efforts are not hard-linked to value, and it gets  
> even worse, because value is contextual, so the same efforts valued in one  
> context can depreciate in others.  
> How can we reconcile 1) and 2)? They both seam right, but one contradicts  
> one choice and the other one the other choice. So we are left with no  
> choice, but we all know that value and effort MUST be taken into  
> consideration...  
> So it is clear that we cannot have a reward formula solely based on value or  
> solely based on effort.

> Can we build a system in which the mad scientist, spending 25h/day in his  
> lab potentially providing tremendous value to society, but who makes shitty  
> money, AND the pop singer are properly treated?  
> hmmm...  
>  
> Can we saturate the contribution of the total value produced to the reward  
> formula and take effort into consideration as well?  
> Can we estimate average effort needed for a given value, in context, and  
> take that into consideration a well?  
> What if we come up with a totally new concept, something like the energy in  
> physic, which is an abstraction "composed" of different observables, like  
> mass and speed in Newtonian mechanics  $E = (m*v^2)/2$ . This new thing which  
> speaks reward would be a function of effort and value created, and perhaps  
> something else.  
>  
> I am just writing whatever goes through my mind...  
> NOTE: within an open enterprise (which is what we build) the individual  
> decides what to spend efforts on and to take risks. These decisions are  
> mediated by a system of incentives within the value network. The individual  
> decision is never entirely free of constraints. Involvement in SENSORICA is  
> not only for fun, we believe that soon SENSORICA will feed families.  
> =====  
>  
> On Thu, Sep 15, 2011 at 2:51 PM, Bayle Shanks <[bshanks@pietrust.org](mailto:bshanks@pietrust.org)> wrote:  
>>  
>> i agree with Kurt, record it in each network, and the contribution  
>> may have different values in the context of each community.  
>>  
>> Note: if possible, it would be technically useful for interoperability if  
>> the contribution itself was identified with a URI, and if both  
>> networks had a way to add a note saying which URI the contribution  
>> record was for (in PieTrust, each evaluation record has a field called  
>> "ref string" for this purpose). This way automated tools can tell that  
>> the two records in the two communities' logs are talking about the  
>> same thing.  
>>  
>>  
>> > In the \*new economy\* we are building, we want to be rewarded in  
>> > proportion  
>> > to our efforts or to the value we create?  
>>  
>> my preference is for the value created. Sadly it's very easy for  
>> people to accidentally spend a large proportion of their effort on  
>> things that have little or no value -- i do this frequently myself  
>> (the happy side is: it's sometimes possible for people to add a lot of  
>> value with very little effort, e.g. the pop singer example). Who gets  
>> stuck with the bill for the wasted effort? If the community rewards  
>> the individual based on effort, then the community is stuck with the  
>> bill. Seems to me this is a very expensive bill.  
>>  
>> In addition, there may be second-order effects. If the community is  
>> stuck with the bill for wasted effort, then the community will demand  
>> the right to control (or at least pre-approve) individual expenditures  
>> of effort. This reduces freedom (bad), and also means that the  
>> community must have effective management structures that resist social  
>> pressures to let people work on unproductive things that sound good

>> (difficult).

>>

>> I think this maps closely to traditional employment. In traditional employment, the employee sells time to their employer ("I'll be here every day from 9 to 5 and then some"). They must obey commands during this time, and it's then up to the employer to allocate this time to productive activities. If the employer tells them to work on something unproductive, the employee still gets paid for the time. If the employer fails to enforce their commands, and employees spend time on something unproductive, the employee still gets paid for the time. Hence, in traditional employment, sometimes companies get into policing their employees to make sure they don't spend too much time goofing off on the internet, etc.

>>

>> Risk/reward gets in here too. The market pays more for taking on more risk. If the employer takes on the risk of misallocation of time, then if they manage their employees correctly, they should make more profits. When the employee takes on that risk, they'll get those extra profits. This is probably one of the reasons that independent contractors and startup founders can get paid more than employees.

>>

>> Seems to me that the decision should come down to: who should be making the decision about what people spend their efforts on? The community or the individual who spends the effort? I think the answer varies by situation, but "the individual" is the better default.

>>

>>

>>

>>

>>

>> On Thu, Sep 15, 2011 at 04:43:23AM -0400, Tiberius Brastaviceanu wrote:

>> > Yap, this makes a lot of sense \*Kurt\*. Your point is well taken, my

>> > example

>> > is simplistic, thank you for dressing it up with all the nuance.

>> >

>> > Don't worry about commitment, you already help a lot. The only issue I

>> > have

>> > with your contributions is that they are only recorded on our chats. In

>> > other words, your x is not registered and valued as it should. I hope

>> > you

>> > get some value out of our exchanges, not just migraines ; )

>> >

>> > The context always affects the value.

>> > > ... the party making the value add registers it in both (all) value

>> > > spaces

>> > > they feel it belongs in (possibly affecting their Reputation if poorly

>> > > placed) and the context and dynamics determine the value added.

>> > > ... different weights that may be placed on a given value dimension in

>> > > different value spaces.

>> >

>> >

>> > So philosophically speaking you are for rewarding not in proportion to

>> > absolute effort/labor, but in proportion to the total value created

>> > through

>> > this effort/labor, and if there are multipliers within the economical

>> > system  
>> > that's all fine.  
>> >  
>> > I always found it unjust that a stupid pop singer with very little  
>> > education  
>> > makes (\$) ridiculously more than a doctor. The pop singer reaches more  
>> > people, because his output is multiplied with the help of technology  
>> > (TV,  
>> > radio, CDs, etc.), so he makes more than a doctor who can only see one  
>> > patient at the time. It's not just jealousy. This system creates  
>> > powerful  
>> > incentives and shifts attention towards highly rewarded trades,  
>> > sometimes to  
>> > the detriment of the community.  
>> >  
>> > In the \*new economy\* we are building, we want to be rewarded in  
>> > proportion  
>> > to our efforts or to the value we create?  
>> >  
>> >  
>> >  
>> > On Thu, Sep 15, 2011 at 3:54 AM, Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)>  
>> > wrote:  
>> >  
>> > > The simple answer is yes you should get to register the value in both  
>> > > networks. That said calling it 2x is simplistic. Taking a simple  
>> > > dimension  
>> > > of value, let's look at Time. The Time dimension is registered in  
>> > > both  
>> > > places but depending on the amount of time in each network (total time  
>> > > spent  
>> > > by everyone) the time might be 'worth' different amounts in each  
>> > > network.  
>> > >  
>> > > This issue becomes more complicated when we look at other dimensions  
>> > > of  
>> > > value. A given deliverable may not resonate equally in two value  
>> > > spaces,  
>> > > and in one space it is added to and hits a reinforcement (cash for  
>> > > instance)  
>> > > but in the other it stalls and goes nowhere. The context always  
>> > > affects  
>> > > the value.  
>> > >  
>> > > So parsing this out, the party making the value add registers it in  
>> > > both  
>> > > (all) value spaces they feel it belongs in (possibly affecting their  
>> > > Reputation if poorly placed) and the context and dynamics determine  
>> > > the  
>> > > value added.  
>> > >  
>> > > Note that if we get to value equations some day, this is further  
>> > > complicated by the different weights that may be placed on a given  
>> > > value  
>> > > dimension in different value spaces.  
>> > >

>> > > I am nursing a migraine so i will stop there.  
>> > >  
>> > > Sorry to not have gotten involved yet, i had said to Steve i would  
>> > > pist  
>> > > within 2 weeks and it is now the third week (i would be losing  
>> > > Reputation  
>> > > based on poor Commitment). In this dimVal making commitments then  
>> > > keeping  
>> > > them is most valuable, not making them is neutral and making them and  
>> > > not  
>> > > keeping them is a negative.  
>> > >  
>> > > I ramble.  
>> > >  
>> > > Repost to others as you see fit.  
>> > >  
>> > > /kdl  
>> > >  
>> > >  
>> > > On 2011-09-15, at 12:29 AM, Tiberius Brastaviceanu <  
>> > > [tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)> wrote:  
>> > >  
>> > > Hi \*Kurt\*,  
>> > >  
>> > > I have a concrete problem for you about value systems.  
>> > >  
>> > > We have tow networks X and W, and A and B are members of both. A and B  
>> > > have  
>> > > an activity together that affects the value of both X and W. How  
>> > > should A  
>> > > and B log their contribution. Do they log it in W and in X?  
>> > >  
>> > > \*Example\*: \*Steve \*and I have a Skype meeting in which we discuss  
>> > > about  
>> > > SENSORICA and Greener Acres, for instance about how SENSORICA can  
>> > > provide  
>> > > sensing technology for local food systems.  
>> > >  
>> > > This activity adds value in both networks, Steve and I are members in  
>> > > both  
>> > > networks. Do I have to log the same activity in both networks? In this  
>> > > case  
>> > > my effort is duplicated. I give x and I get 2x in return. In a sense  
>> > > it's  
>> > > OK, because the x I give creates 2x of value in the real world, I  
>> > > affect  
>> > > both communities (same thing for Steve).  
>> > >  
>> > > We can also imagine that some x I give might increase value in more  
>> > > than 2  
>> > > networks. It seems that the output of a single person can multiply  
>> > > itself.  
>> > > Should the person get x-multiplied back from society? Or just an  
>> > > equivalent  
>> > > to the person's effort? This is the question!

>> >  
>> >  
>> > NOTE: I also copied Bayle and his PieTrust group on this one.  
>> >  
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<http://futureforwardinstitute.com>  
<http://socialmediaclassroom.com>

"The universe is not required to be in perfect harmony with human ambition." - Carl Sagan

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**Tiberius Brastaviceanu** <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)>  
To: Steve Bosserman <[steve.bosserman@gmail.com](mailto:steve.bosserman@gmail.com)>

**Tue, Sep 20, 2011 at 2:45 AM**



Are you capturing these thoughts somewhere, in a doc or something for further refinement and future reference?

On Mon, Sep 19, 2011 at 9:49 PM, Steve Bosserman <[steve.bosserman@gmail.com](mailto:steve.bosserman@gmail.com)> wrote:

Hi,

As a further clarification for Thursday's Skype meeting, I might add a few more details about the "community investment portfolio" (CIP) and the role of portfolio manager since they are central to the functioning of the Greener Acres Value Network (GAVNet).

### **Localization Framework**

Given the focus of GAVNet is on agricultural localization, we adopted a "localization framework" that assists community members in determining where they can target the development of infrastructure projects (economic / community development) and business development opportunities within their local economies that incur the least risk and carry the greatest potential for gain. We have a couple of presentations under the title [Framework4Localization](#) that show how the various elements come together.

### **CIP Entries**

Note that there are several value-add categories available for projects and businesses to attach themselves in the flow from sources on the left to the delivery of products and services to the markets on the right and the return cycle that recharges the sources. These projects and businesses not only populate the CIP, they strengthen it through their association with the localization framework. The combination of number of entries and how well they fill-out the complete framework make it a compelling draw worthy of community members to invest their time, resources, and money.

### **CIP Priorities**

Of course, not all projects and businesses are created equal in terms of priority at a given time. Market metrics related to basic needs, e.g., water /effluent, food, fuel / energy, housing, clothing, security / safety, healthcare, and education help distinguish immediate value from longer term benefit. The starting point for agricultural localization is at the points of consumption. From there the system builds backwards to the points of production and feedstock of raw materials / data.

For example, a community is at risk if members do not have 1 gallon per day per person of potable water, or 1500-2000 calories per day per person of healthy food, or 100-200 sq. ft. of protected living space, etc. Those projects and businesses that deliver basic needs like gallons, calories, and square feet to the points of use / consumption by community members carry a higher priority than those that are closer to the production side of the value chain. No where is this more evident in the U.S. than in metropolitan areas where poverty and joblessness have conspired to drive up food insecurity rates for children far above 10%--Youngstown, OH, for instance, is the third worst in the nation at 33%. The CIP in the Youngstown area may list several food-related projects and businesses within the localization framework, but without exception the highest priority goes to those that distribute 1500-2000 healthy, tasty, convenient, ready-to-eat meals / food products to children.

### **Portfolio Manager:**

The role of a portfolio manager is to facilitate the development and maintenance of the CIP with regard to how readily members can post entries, organize them according to priority, and act upon them effectively and decisively.

A portfolio manager assures that participants can use the templates and tools effectively to complete entries for inclusion in the CIP. Then, they help participants coordinate activities that advance their CIP entries in preparation for launch and follow-up support. In other words, a portfolio manager represents the interests of community members as they invest their various capitals in projects and businesses that are central to the establishment and sustainability of their local economy.

A portfolio manager is a contractor, not an employee. The portfolio manager may negotiate the terms of compensation by method, e.g., retainer, flat fee, percentage of value gained, etc., and medium of exchange, e.g., time units, usage units, community currencies, money, etc., with members of the client community. The

role of portfolio manager covers both economic / community development projects and business development opportunities as candidates in the CIP.

A portfolio manager is not a solitary actor who must bear responsibility in isolation. Portfolio managers for CIPs are members of their own value network and contribute to a knowledge commons dedicated to portfolio management. This enables their capacity to deliver valuable know-how about CIPs to their community members to steadily grow. That means ALL the CIP-related processes, templates, and tools already in place on [LocalFoodSystems.org](http://LocalFoodSystems.org) and [GAVNet](http://GAVNet) plus the many, many more that will evolve over time will be available in the portfolio management commons for current or aspiring portfolio managers and those who are simply curious about the role to tap.

So, those are several important aspects that may offer a fuller sense of what we're up to.

Thanks again for your consideration. Questions are welcome. I don't have many answers, but it helps to know how confusing it is to others ;-)

Looking forward to our conversation on Thursday!

All the best,

Steve B.

On Sun, Sep 18, 2011 at 3:31 PM, Tiberius Brastaviceanu <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)> wrote:

**Steve**, this is great! Your message describes very well a particular context (local food systems) in which our **value accounting** and **value exchange** infrastructure will be applied.

Steve's writing is very condensed and might seem obscure for those of you who are not versed in value networks and who are not familiar with Steve's "*community investment portfolio*" (CIP) concept. But it is crystal clear and very deep for those of us who have collaborated together on these projects for more than 6 months now. We've developed our own jargon...

In order to make our next Skype meeting more effective, before our Skype meeting next week I encourage PieTrust members to clear any questions you might have, and also to give us some background on your work.

For more on **SENSORICA** you can follow this link  
<http://www.sensorica.co/home/building-a-community>

Tibi

On Sun, Sep 18, 2011 at 1:32 PM, Steve Bosserman <[steve.bosserman@gmail.com](mailto:steve.bosserman@gmail.com)> wrote:

Hi,

I don't know if my recent experiences with value networks are useful to this exchange, but I'll throw them into the mix and if they aren't, just delete them.

Earlier this spring, a group of 8, now, 11 of us small business owners (Tibi with SENSORICA is one of them!) started the [Greener Acres Value Network \(GAVNet\)](http://GreenerAcresValueNetwork.org) to focus on opportunities within the general economic and business development area of agricultural localization. As GAVNet builds momentum, we attract more participants as members and affiliates. Many who play with us bring their own value networks and associated knowledge commons to the table. It creates a dense web of enmeshed knowledge systems, to refer to terms from the 1980s and 90s, that targets agricultural localization as an area of shared interest. This establishes a very fertile space for innovative solutions--applications of know-how--to surface as candidates for further consideration and potential commercialization.

GAVNet's work in agricultural localization is wrapped-up in a wide range of infrastructure projects and business opportunities--the innovative solutions arising from enmeshed knowledge systems--that are loaded into what we call a "community investment portfolio" (CIP). This CIP becomes an attractor to all manner of human, built, natural, and even to some degree, financial, capitals "invested" by participants who play one or more roles (leaders / conveners, co-leaders / organizers, resources, recipients, and advocates) in support of multiple entries in the CIP.

We encourage investments of time and use of property under the investor's control rather than money.

The goal is to keep the assets and resources of GAVNet available for use by members such that they can successfully commercialize their know-how for the markets they serve without incurring the risk of losing their assets to others outside the value network through default or sale. In this way, GAVNet can establish a sustainable "local economy" based on its knowledge commons about agricultural localization.

Transactions conducted within this local economy increase the number and effectiveness of value network interrelationships, strengthen its knowledge commons about agricultural localization, and provide more opportunities for members and affiliates to invest their capitals in delivering their know-how applications deemed of value by recipients.

Due to the dual focus on agriculture and localization, GAVNet offers a unique opportunity for folks who are disenfranchised from the dominant "money as debt" system (approximately 25% of the adult U.S. population) to use the GAVNet processes, templates, and tools to establish sustainable local economies in their areas. In other words, we encourage people to setup "community investment portfolios" (CIPs) in their localities so their investments of time (the goal is no more than 4 hours / day for 6 days / week) and use of assets substantially increases the self-reliance of their community, provides meaningful work its members, and yields a return that, at a minimum, meets the basic needs (water, food, fuel / energy, housing, clothing, health care, and safety) for each person who invests. The presentation, [Your Time for Your Security](#), we gave to a group in Iowa last week offers additional rationale for what we're doing.

Our GAVNet infrastructure projects and business opportunities can be easily replicated so they fit into more than one CIP. In fact, doing so increases the exposure of our work to many audiences at once.

This has the double advantage of giving people in different communities a "leg-up" on agricultural localization initiatives they can start right away that will make a positive difference for them, economically, and it gives GAVNet members wider access to markets AND resources that can develop and commercialize know-how more efficiently and effectively. For instance, we have several sponsored research projects underwritten by clients with deep pockets that would benefit from the "crowdsourcing effect" created by folks in many areas addressing them as entries in their CIPs. For this, they get a cut of the action--both in terms of compensation as well as application of the know-how gained in their own projects and businesses.

As you might guess, this is a complex arrangement that is not easy to sort out. Multiple value networks; multiple CIPs; one project distributed across multiple CIPs; one value network member engaged in multiple infrastructure projects or business opportunities. Matching returns to investments in a fair and equitable manner becomes quite a challenge. This is especially the case when more than one medium of exchange is in use--time, usage, and money. And it is particularly difficult when a major goal is to provide opportunities for community members who have limited access to conventional funding to invest in meaningful, satisfying activities THAT ADD VALUE and be assured of a return for such an investment that meets their basic needs in a dignified manner--VALUE FOR VALUE. But unless I'm totally off base, it seems like we can draw upon your thinking in this "network to network interface" email exchange for some great insights and ideas that can help us out.

So, that's the view from GAVNet. We certainly appreciate your willingness to provide the platform where this intentionality on our part can be given thoughtful consideration. THANKS!

Warm regards,

Steve B.

On Fri, Sep 16, 2011 at 10:40 AM, Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)> wrote:

This is also why I speak of dimensions of value, and even if some are functions of others, each must be tracked as though orthogonal.

/kdl

On 9/16/11, Tiberius Brastaviceanu <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)> wrote:

> Thanks Bayle!

>

> [I remind you all that this theoretical discussion has very concrete  
> implications.]

>

> \*

> \*

> \*Kurt\*

>

>> The context always affects the value.

>> ... the party making the value add registers it in both (all) value

>> spaces they feel it belongs in (possibly affecting their Reputation if

>> poorly placed) and the context and dynamics determine the value added.

>> ... different weights that may be placed on a given value dimension

>> in different value spaces.

>

>

> \*Bayle\*

>

>> record it [value] in each network, and the contribution may have different

>> values in the context of each community.

>

>

> Up to this point \*Kurt\* and \*Bayle\* seem to agree on the option to reward

> the individual based on \*value created\*, NOT \*efforts\*. There are two

> arguments put forward by Bayle:

>

> \*a)\* \*effort is disconnected from value \*(as viewed by the community, in

> context) created, i.e. bad goals, poor skills, missallocation of resources,

> bad management, etc. [please intervene if my interpretation is incorrect!].

> \*b)\* if you reward according to efforts (e.g. pay per hour) the community

> will force individuals to align efforts with (community's) goals, hence we

> have control.

>

>

> I am starting to believe that the secret might probably be something else.

>

> \*1)\* I hope we all agree that the \*pop singer example\* (see bellow)

> illustrates something ridiculous about our economical system.

> \*2)\* You convinced me that \*efforts are not hard-linked to value\*, and it

> gets even worse, because value is contextual, so the same efforts valued in

> one context can depreciate in others.

>

> How can we reconcile 1) and 2)? They both seem right, but one contradicts

> one choice and the other one the other choice. So we are left with no

> choice, but we all know that value and effort MUST be taken into

> consideration...

>

> So it is clear that we cannot have a reward formula solely based on \*value

> \*or  
> solely based on \*effort\*.  
>  
> Can we build a system in which the \*mad scientist\*, spending 25h/day in his  
> lab potentially providing tremendous value to society, but who makes shitty  
> money, AND the \*pop singer\* are properly treated?  
>  
> hmmm...  
>  
> - Can we \*saturate \*the contribution of the\* total value produced\* to the  
> \*reward formula\* and take \*effort \*into consideration as well?  
> - Can we estimate \*average effort needed for a given value\*, in context,  
> and take that into consideration a well?  
> - What if we come up with \*a totally new concept\*, something like the \*  
> energy\* in physic, which is an abstraction "composed" of different  
> observables, like \*mass\* and \*speed\* in Newtonian mechanics  $E =$   
>  $(m \cdot v^2)/2$ . This new thing which speaks \*reward\* would be a function of \*  
> effort\* and \*value created\*, and perhaps something else.  
>  
> I am just writing whatever goes through my mind...  
>  
> \*NOTE\*: within an open enterprise (which is what we build) the individual  
> decides what to spend efforts on and to take risks. These decisions are  
> mediated by a system of incentives within the value network. The individual  
> decision is never entirely free of constraints. Involvement in SENSORICA is  
> not only for fun, we believe that soon SENSORICA will feed families.  
>  
> =====  
>  
> On Thu, Sep 15, 2011 at 2:51 PM, \*Bayle Shanks\* <[bshanks@pietrust.org](mailto:bshanks@pietrust.org)> wrote:  
>  
>> i agree with Kurt, record it in each network, and the contribution  
>> may have different values in the context of each community.  
>>  
>> Note: if possible, it would be technically useful for interoperability if  
>> the contribution itself was identified with a URI, and if both  
>> networks had a way to add a note saying which URI the contribution  
>> record was for (in PieTrust, each evaluation record has a field called  
>> "ref string" for this purpose). This way automated tools can tell that  
>> the two records in the two communities' logs are talking about the  
>> same thing.  
>>  
>>  
>> > In the \*new economy\* we are building, we want to be rewarded in  
>> proportion  
>> > to our \*efforts \*or to the \*value we create\*?  
>>  
>> my preference is for the \*value created\*. Sadly it's very easy for  
>> people to accidentally spend a large proportion of their \*effort\* on  
>> things that have little or no value -- i do this frequently myself  
>> (the happy side is: it's sometimes possible for people to add a lot of  
>> value with very little effort, e.g. the pop singer example). Who gets  
>> stuck with the bill for the wasted effort? If the community rewards  
>> the individual based on effort, then the community is stuck with the  
>> bill. Seems to me this is a very expensive bill.  
>>

>> In addition, there may be second-order effects. If the community is  
>> stuck with the bill for wasted effort, then the community will demand  
>> the right to control (or at least pre-approve) individual expenditures  
>> of effort. This reduces freedom (bad), and also means that the  
>> community must have effective management structures that resist social  
>> pressures to let people work on unproductive things that sound good  
>> (difficult).

>>

>> I think this maps closely to traditional employment. In  
>> traditional employment, the employee sells time to to  
>> their employer ("I'll be here every day from 9 to 5 and then some").  
>> They must obey commands during this time, and it's then up to the  
>> employer to allocate this time to productive activities. If the  
>> employer tells them to work on something unproductive, the employee  
>> still gets paid for the time. If the employer fails to enforce their  
>> commands, and employees spend time on something unproductive, the  
>> employee still gets paid for the time. Hence, in traditional  
>> employment, sometimes companies get into policing their employees to  
>> make sure they don't spend too much time goofing off on the internet,  
>> etc.

>>

>> Risk/reward gets in here too. The market pays more for taking on more  
>> risk. If the employer takes on the risk of misallocation of time, then  
>> if they manage their employees correctly, they should make more  
>> profits. When the employee takes on that risk, they'll get those extra  
>> profits. This is probably one of the reasons that independent  
>> contractors and startup founders can get paid more than employees.

>>

>> Seems to me that the decision should come down to: who should be  
>> making the decision about what people spend their efforts on? The  
>> community or the individual who spends the effort? I think the answer  
>> varies by situation, but "the individual" is the better default.

>>

>>

>>

>>

>>

>> On Thu, Sep 15, 2011 at 04:43:23AM -0400, Tiberius Brastaviceanu wrote:

>> > Yap, this makes a lot of sense \*Kurt\*. Your point is well taken, my  
>> example

>> > is simplistic, thank you for dressing it up with all the nuance.

>> >

>> > Don't worry about commitment, you already help a lot. The only issue I  
>> have

>> > with your contributions is that they are only recorded on our chats. In

>> > other words, your x is not registered and valued as it should. I hope

>> > you

>> > get some value out of our exchanges, not just migraines ; )

>> >

>> > The context always affects the value.

>> > > ... the party making the value add registers it in both (all) value

>> spaces

>> > > they feel it belongs in (possibly affecting their Reputation if poorly

>> > > placed) and the context and dynamics determine the value added.

>> > > ... different weights that may be placed on a given value dimension in

>> > > different value spaces.



>> >  
>> >  
>> > So philosophically speaking you are for rewarding not in proportion to  
>> > absolute effort/labor, but in proportion to the total value created  
>> > through  
>> > this effort/labor, and if there are multipliers within the economical  
>> > system  
>> > that's all fine.  
>> >  
>> > I always found it unjust that a stupid pop singer with very little  
>> > education  
>> > makes (\$) ridiculously more than a doctor. The pop singer reaches more  
>> > people, because his output is multiplied with the help of technology  
>> > (TV,  
>> > radio, CDs, etc.), so he makes more than a doctor who can only see one  
>> > patient at the time. It's not just jealousy. This system creates  
>> > powerful  
>> > incentives and shifts attention towards highly rewarded trades,  
>> > sometimes  
>> > to  
>> > the detriment of the community.  
>> >  
>> > In the \*new economy\* we are building, we want to be rewarded in  
>> > proportion  
>> > to our efforts or to the value we create?  
>> >  
>> >  
>> >  
>> > On Thu, Sep 15, 2011 at 3:54 AM, Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)>  
>> > wrote:  
>> >  
>> > > The simple answer is yes you should get to register the value in both  
>> > > networks. That said calling it 2x is simplistic. Taking a simple  
>> > > dimension  
>> > > of value, let's look at Time. The Time dimension is registered in  
>> > > both  
>> > > places but depending on the amount of time in each network (total time  
>> > > spent  
>> > > by everyone) the time might be 'worth' different amounts in each  
>> > > network.  
>> > >  
>> > > This issue becomes more complicated when we look at other dimensions  
>> > > of  
>> > > value. A given deliverable may not resonate equally in two value  
>> > > spaces,  
>> > > and in one space it is added to and hits a reinforcement (cash for  
>> > > instance)  
>> > > but in the other it stalls and goes nowhere. The context always  
>> > > affects  
>> > > the value.  
>> > >  
>> > > So parsing this out, the party making the value add registers it in  
>> > > both  
>> > > (all) value spaces they feel it belongs in (possibly affecting their  
>> > > Reputation if poorly placed) and the context and dynamics determine  
>> > > the

>> > > value added.  
>> > >  
>> > > Note that if we get to value equations some day, this is further  
>> > > complicated by the different weights that may be placed on a given  
>> value  
>> > > dimension in different value spaces.  
>> > >  
>> > > I am nursing a migraine so i will stop there.  
>> > >  
>> > > Sorry to not have gotten involved yet, i had said to Steve i would  
>> > > pist  
>> > > within 2 weeks and it is now the third week (i would be losing  
>> Reputation  
>> > > based on poor Commitment). In this dimVal making commitments then  
>> keeping  
>> > > them is most valuable, not making them is neutral and making them and  
>> not  
>> > > keeping them is a negative.  
>> > >  
>> > > I ramble.  
>> > >  
>> > > Repost to others as you see fit.  
>> > >  
>> > > /kdl  
>> > >  
>> > >  
>> > > On 2011-09-15, at 12:29 AM, Tiberius Brastaviceanu <  
>> > > [tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)> wrote:  
>> > >  
>> > > Hi \*Kurt\*,  
>> > >  
>> > > I have a concrete problem for you about value systems.  
>> > >  
>> > > We have two networks X and W, and A and B are members of both. A and B  
>> have  
>> > > an activity together that affects the value of both X and W. How  
>> > > should  
>> A  
>> > > and B log their contribution. Do they log it in W and in X?  
>> > >  
>> > > \*Example\*: \*Steve\* and I have a Skype meeting in which we discuss  
>> > > about  
>> > > SENSORICA and Greener Acres, for instance about how SENSORICA can  
>> provide  
>> > > sensing technology for local food systems.  
>> > >  
>> > > This activity adds value in both networks, Steve and I are members in  
>> both  
>> > > networks. Do I have to log the same activity in both networks? In this  
>> case  
>> > > my effort is duplicated. I give x and I get 2x in return. In a sense  
>> it's  
>> > > OK, because the x I give creates 2x of value in the real world, I  
>> affect  
>> > > both communities (same thing for Steve).



>> > >  
>> > > We can also imagine that some x I give might increase value in more  
>> > > than 2  
>> > > networks. It seems that the output of a single person can multiply  
>> > > itself.  
>> > > Should the person get x-multiplied back from society? Or just an  
>> > > equivalent  
>> > > to the person's effort? This is the question!  
>> > >  
>> > >  
>> > > NOTE: I also copied Bayle and his PieTrust group on this one.  
>> > >  
>> > >  
>> > >  
>> > > --  
>> > > t!b! <<http://www.google.com/profiles/tiberius.brastaviceanu>>  
>> > > co-founder of SENSORICA <<http://www.sensorica.co>>,  
>> > > an open, decentralized and self-organizing  
>> > > value network (an open enterprise)  
>> > >  
>> > > founder of Multitude Project<  
>> > > <https://sites.google.com/site/multitude2008/>>  
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> value network (an open enterprise)  
>  
> founder of Multitude Project <<https://sites.google.com/site/multitude2008/>>  
>

--  
Kurt Laitner  
Business Architect  
Direct: [780-938-3863](tel:780-938-3863)

Third Meta  
Business Process and Information Management Consulting

--

[t!b!](#)

co-founder of [SENSORICA](#),  
an open, decentralized and self-organizing  
value network (an open enterprise)

founder of [Multitude Project](#)

--

[t!b!](#)

co-founder of [SENSORICA](#),  
an open, decentralized and self-organizing  
value network (an open enterprise)

founder of [Multitude Project](#)

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**Steve Bosserman** <[steve.bosserman@gmail.com](mailto:steve.bosserman@gmail.com)>

**Tue, Sep 20, 2011 at 9:46 AM**

To: Tiberius Brastaviceanu <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)>

Great suggestion--THANKS!

Here's the link: [https://docs.google.com/document/d/1MdcgauEtbzXAOzIz5GI-KCL3py1OG3Tof97H2E6B2Fc/edit?hl=en\\_US](https://docs.google.com/document/d/1MdcgauEtbzXAOzIz5GI-KCL3py1OG3Tof97H2E6B2Fc/edit?hl=en_US)

You should have received an alert from Google Docs stating that you have editing privileges.

All the best,

Steve B.

On Tue, Sep 20, 2011 at 2:45 AM, Tiberius Brastaviceanu <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)> wrote:

Are you capturing these thoughts somewhere, in a doc or something for further refinement and future reference?

On Mon, Sep 19, 2011 at 9:49 PM, Steve Bosserman <[steve.bosserman@gmail.com](mailto:steve.bosserman@gmail.com)> wrote:

Hi,

As a further clarification for Thursday's Skype meeting, I might add a few more details about the "community investment portfolio" (CIP) and the role of portfolio manager since they are central to the functioning of the Greener Acres Value Network (GAVNet).

#### **Localization Framework**

Given the focus of GAVNet is on agricultural localization, we adopted a "localization framework" that assists community members in determining where they can target the development of infrastructure projects (economic / community development) and business development opportunities within their local economies that incur the least risk and carry the greatest potential for gain. We have a couple of presentations under the title [Framework4Localization](#) that show how the various elements come together.

## **CIP Entries**

Note that there are several value-add categories available for projects and businesses to attach themselves in the flow from sources on the left to the delivery of products and services to the markets on the right and the return cycle that recharges the sources. These projects and businesses not only populate the CIP, they strengthen it through their association with the localization framework. The combination of number of entries and how well they fill-out the complete framework make it a compelling draw worthy of community members to invest their time, resources, and money.

## **CIP Priorities**

Of course, not all projects and businesses are created equal in terms of priority at a given time. Market metrics related to basic needs, e.g., water /effluent, food, fuel / energy, housing, clothing, security / safety, healthcare, and education help distinguish immediate value from longer term benefit. The starting point for agricultural localization is at the points of consumption. From there the system builds backwards to the points of production and feedstock of raw materials / data.

For example, a community is at risk if members do not have 1 gallon per day per person of potable water, or 1500-2000 calories per day per person of healthy food, or 100-200 sq. ft. of protected living space, etc.

Those projects and businesses that deliver basic needs like gallons, calories, and square feet to the points of use / consumption by community members carry a higher priority than those that are closer to the production side of the value chain. No where is this more evident in the U.S. than in metropolitan areas where poverty and joblessness have conspired to drive up food insecurity rates for children far above 10%-- Youngstown, OH, for instance, is the third worst in the nation at 33%. The CIP in the Youngstown area may list several food-related projects and businesses within the localization framework, but without exception the highest priority goes to those that distribute 1500-2000 healthy, tasty, convenient, ready-to-eat meals / food products to children.

## **Portfolio Manager:**

The role of a portfolio manager is to facilitate the development and maintenance of the CIP with regard to how readily members can post entries, organize them according to priority, and act upon them effectively and decisively.

A portfolio manager assures that participants can use the templates and tools effectively to complete entries for inclusion in the CIP. Then, they help participants coordinate activities that advance their CIP entries in preparation for launch and follow-up support. In other words, a portfolio manager represents the interests of community members as they invest their various capitals in projects and businesses that are central to the establishment and sustainability of their local economy.

A portfolio manager is a contractor, not an employee. The portfolio manager may negotiate the terms of compensation by method, e.g., retainer, flat fee, percentage of value gained, etc., and medium of exchange, e.g., time units, usage units, community currencies, money, etc., with members of the client community.

The role of portfolio manager covers both economic / community development projects and business development opportunities as candidates in the CIP.

A portfolio manager is not a solitary actor who must bear responsibility in isolation. Portfolio managers for CIPs are members of their own value network and contribute to a knowledge commons dedicated to portfolio management. This enables their capacity to deliver valuable know-how about CIPs to their community members to steadily grow. That means ALL the CIP-related processes, templates, and tools already in place on [LocalFoodSystems.org](http://LocalFoodSystems.org) and [GAVNet](http://GAVNet) plus the many, many more that will evolve over time will be available in the portfolio management commons for current or aspiring portfolio managers and those who are simply curious about the role to tap.

So, those are several important aspects that may offer a fuller sense of what we're up to.

Thanks again for your consideration. Questions are welcome. I don't have many answers, but it helps to know how confusing it is to others ;-)

Looking forward to our conversation on Thursday!

All the best,

Steve B.

On Sun, Sep 18, 2011 at 3:31 PM, Tiberius Brastaviceanu <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)> wrote:

**Steve**, this is great! Your message describes very well a particular context (local food systems) in which our **value accounting** and **value exchange** infrastructure will be applied.

Steve's writing is very condensed and might seem obscure for those of you who are not versed in value networks and who are not familiar with Steve's "*community investment portfolio*" (CIP) concept. But it is crystal clear and very deep for those of us who have collaborated together on these projects for more than 6 months now. We've developed our own jargon...

In order to make our next Skype meeting more effective, before our Skype meeting next week I encourage PieTrust members to clear any questions you might have, and also to give us some background on your work.

For more on **SENSORICA** you can follow this link  
<http://www.sensorica.co/home/building-a-community>

Tibi

On Sun, Sep 18, 2011 at 1:32 PM, Steve Bosserman <[steve.bosserman@gmail.com](mailto:steve.bosserman@gmail.com)> wrote:

Hi,

I don't know if my recent experiences with value networks are useful to this exchange, but I'll throw them into the mix and if they aren't, just delete them.

Earlier this spring, a group of 8, now, 11 of us small business owners (Tibi with SENSORICA is one of them!) started the [Greener Acres Value Network \(GAVNet\)](#) to focus on opportunities within the general economic and business development area of agricultural localization. As GAVNet builds momentum, we attract more participants as members and affiliates. Many who play with us bring their own value networks and associated knowledge commons to the table. It creates a dense web of enmeshed knowledge systems, to refer to terms from the 1980s and 90s, that targets agricultural localization as an area of shared interest. This establishes a very fertile space for innovative solutions--applications of know-how--to surface as candidates for further consideration and potential commercialization.

GAVNet's work in agricultural localization is wrapped-up in a wide range of infrastructure projects and business opportunities--the innovative solutions arising from enmeshed knowledge systems--that are loaded into what we call a "community investment portfolio" (CIP). This CIP becomes an attractor to all manner of human, built, natural, and even to some degree, financial, capitals "invested" by participants who play one or more roles (leaders / conveners, co-leaders / organizers, resources, recipients, and advocates) in support of multiple entries in the CIP.

We encourage investments of time and use of property under the investor's control rather than money.

The goal is to keep the assets and resources of GAVNet available for use by members such that they can successfully commercialize their know-how for the markets they serve without incurring the risk of losing their assets to others outside the value network through default or sale. In this way, GAVNet can establish a sustainable "local economy" based on its knowledge commons about agricultural localization. Transactions conducted within this local economy increase the number and effectiveness of value network interrelationships, strengthen its knowledge commons about agricultural localization, and provide more opportunities for members and affiliates to invest their capitals in delivering their know-

how applications deemed of value by recipients.

Due to the dual focus on agriculture and localization, GAVNet offers a unique opportunity for folks who are disenfranchised from the dominant "money as debt" system (approximately 25% of the adult U.S. population) to use the GAVNet processes, templates, and tools to establish sustainable local economies in their areas. In other words, we encourage people to setup "community investment portfolios" (CIPs) in their localities so their investments of time (the goal is no more than 4 hours / day for 6 days / week) and use of assets substantially increases the self-reliance of their community, provides meaningful work its members, and yields a return that, at a minimum, meets the basic needs (water, food, fuel / energy, housing, clothing, health care, and safety) for each person who invests. The presentation, [Your Time for Your Security](#), we gave to a group in Iowa last week offers additional rationale for what we're doing.

Our GAVNet infrastructure projects and business opportunities can be easily replicated so they fit into more than one CIP. In fact, doing so increases the exposure of our work to many audiences at once.

This has the double advantage of giving people in different communities a "leg-up" on agricultural localization initiatives they can start right away that will make a positive difference for them, economically, and it gives GAVNet members wider access to markets AND resources that can develop and commercialize know-how more efficiently and effectively. For instance, we have several sponsored research projects underwritten by clients with deep pockets that would benefit from the "crowdsourcing effect" created by folks in many areas addressing them as entries in their CIPs. For this, they get a cut of the action--both in terms of compensation as well as application of the know-how gained in their own projects and businesses.

As you might guess, this is a complex arrangement that is not easy to sort out. Multiple value networks; multiple CIPs; one project distributed across multiple CIPs; one value network member engaged in multiple infrastructure projects or business opportunities. Matching returns to investments in a fair and equitable manner becomes quite a challenge. This is especially the case when more than one medium of exchange is in use--time, usage, and money. And it is particularly difficult when a major goal is to provide opportunities for community members who have limited access to conventional funding to invest in meaningful, satisfying activities THAT ADD VALUE and be assured of a return for such an investment that meets their basic needs in a dignified manner--VALUE FOR VALUE. But unless I'm totally off base, it seems like we can draw upon your thinking in this "network to network interface" email exchange for some great insights and ideas that can help us out.

So, that's the view from GAVNet. We certainly appreciate your willingness to provide the platform where this intentionality on our part can be given thoughtful consideration. THANKS!

Warm regards,

Steve B.

On Fri, Sep 16, 2011 at 10:40 AM, Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)> wrote:

This is also why I speak of dimensions of value, and even if some are functions of others, each must be tracked as though orthogonal.

/kdl

On 9/16/11, Tiberius Brastaviceanu <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)> wrote:

> Thanks Bayle!

>

> [I remind you all that this theoretical discussion has very concrete

> implications.]

>

> \*

> \*

> \*Kurt\*

>

>> The context always affects the value.

>> ... the party making the value add registers it in both (all) value spaces they feel it belongs in (possibly affecting their Reputation if poorly placed) and the context and dynamics determine the value added.

>> ... different weights that may be placed on a given value dimension

>> in different value spaces.

>

>

> \*Bayle\*

>

>> record it [value] in each network, and the contribution may have different values in the context of each community.

>

>

> Up to this point \*Kurt\* and \*Bayle\* seem to agree on the option to reward the individual based on \*value created\*, NOT \*efforts\*. There are two arguments put forward by Bayle:

>

> \*a)\* \*effort is disconnected from value \*(as viewed by the community, in context) created, i.e. bad goals, poor skills, missallocation of resources, bad management, etc. [please intervene if my interpretation is incorrect!].

> \*b)\* if you reward according to efforts (e.g. pay per hour) the community will force individuals to align efforts with (community's) goals, hence we have control.

>

>

> I am starting to believe that the secret might probably be something else.

>

> \*1)\* I hope we all agree that the \*pop singer example\* (see below) illustrates something ridiculous about our economical system.

> \*2)\* You convinced me that \*efforts are not hard-linked to value\*, and it gets even worse, because value is contextual, so the same efforts valued in one context can depreciate in others.

>

> How can we reconcile 1) and 2)? They both seem right, but one contradicts one choice and the other one the other choice. So we are left with no choice, but we all know that value and effort MUST be taken into consideration...

>

> So it is clear that we cannot have a reward formula solely based on \*value

> \*or

> solely based on \*effort\*.

>

> Can we build a system in which the \*mad scientist\*, spending 25h/day in his lab potentially providing tremendous value to society, but who makes shitty money, AND the \*pop singer\* are properly treated?

>

> hmmm...

>

> - Can we \*saturate \*the contribution of the\* total value produced\* to the \*reward formula\* and take \*effort \*into consideration as well?

> - Can we estimate \*average effort needed for a given value\*, in context, and take that into consideration a well?

> - What if we come up with \*a totally new concept\*, something like the \*

> energy\* in physic, which is an abstraction "composed" of different  
> observables, like \*mass\* and \*speed\* in Newtonian mechanics  $E =$   
>  $(m \cdot v^2)/2$ . This new thing which speaks \*reward\* would be a function of \*  
> effort\* and \*value created\*, and perhaps something else.

>  
> I am just writing whatever goes through my mind...

>  
> \*NOTE\*: within an open enterprise (which is what we build) the individual  
> decides what to spend efforts on and to take risks. These decisions are  
> mediated by a system of incentives within the value network. The individual  
> decision is never entirely free of constraints. Involvement in SENSORICA is  
> not only for fun, we believe that soon SENSORICA will feed families.

>  
> =====

> On Thu, Sep 15, 2011 at 2:51 PM, \*Bayle Shanks\* <[bshanks@pietrust.org](mailto:bshanks@pietrust.org)> wrote:

>  
>> i agree with Kurt, record it in each network, and the contribution  
>> may have different values in the context of each community.

>>  
>> Note: if possible, it would be technically useful for interoperability if  
>> the contribution itself was identified with a URI, and if both  
>> networks had a way to add a note saying which URI the contribution  
>> record was for (in PieTrust, each evaluation record has a field called  
>> "ref string" for this purpose). This way automated tools can tell that  
>> the two records in the two communities' logs are talking about the  
>> same thing.

>>  
>>  
>> > In the \*new economy\* we are building, we want to be rewarded in  
>> proportion  
>> > to our \*efforts\* or to the \*value we create\*?

>>  
>> my preference is for the \*value created\*. Sadly it's very easy for  
>> people to accidentally spend a large proportion of their \*effort\* on  
>> things that have little or no value -- i do this frequently myself  
>> (the happy side is: it's sometimes possible for people to add a lot of  
>> value with very little effort, e.g. the pop singer example). Who gets  
>> stuck with the bill for the wasted effort? If the community rewards  
>> the individual based on effort, then the community is stuck with the  
>> bill. Seems to me this is a very expensive bill.

>>  
>> In addition, there may be second-order effects. If the community is  
>> stuck with the bill for wasted effort, then the community will demand  
>> the right to control (or at least pre-approve) individual expenditures  
>> of effort. This reduces freedom (bad), and also means that the  
>> community must have effective management structures that resist social  
>> pressures to let people work on unproductive things that sound good  
>> (difficult).

>>  
>> I think this maps closely to traditional employment. In  
>> traditional employment, the employee sells time to to  
>> their employer ("I'll be here every day from 9 to 5 and then some").  
>> They must obey commands during this time, and it's then up to the  
>> employer to allocate this time to productive activities. If the  
>> employer tells them to work on something unproductive, the employee



>> still gets paid for the time. If the employer fails to enforce their  
>> commands, and employees spend time on something unproductive, the  
>> employee still gets paid for the time. Hence, in traditional  
>> employment, sometimes companies get into policing their employees to  
>> make sure they don't spend too much time goofing off on the internet,  
>> etc.  
>>  
>> Risk/reward gets in here too. The market pays more for taking on more  
>> risk. If the employer takes on the risk of misallocation of time, then  
>> if they manage their employees correctly, they should make more  
>> profits. When the employee takes on that risk, they'll get those extra  
>> profits. This is probably one of the reasons that independent  
>> contractors and startup founders can get paid more than employees.  
>>  
>> Seems to me that the decision should come down to: who should be  
>> making the decision about what people spend their efforts on? The  
>> community or the individual who spends the effort? I think the answer  
>> varies by situation, but "the individual" is the better default.  
>>  
>>  
>>  
>>  
>>  
>> On Thu, Sep 15, 2011 at 04:43:23AM -0400, Tiberius Brastaviceanu wrote:  
>> > Yap, this makes a lot of sense \*Kurt\*. Your point is well taken, my  
>> example  
>> > is simplistic, thank you for dressing it up with all the nuance.  
>> >  
>> > Don't worry about commitment, you already help a lot. The only issue I  
>> have  
>> > with your contributions is that they are only recorded on our chats. In  
>> > other words, your x is not registered and valued as it should. I hope  
>> > you  
>> > get some value out of our exchanges, not just migraines ; )  
>> >  
>> > The context always affects the value.  
>> > > ... the party making the value add registers it in both (all) value  
>> spaces  
>> > > they feel it belongs in (possibly affecting their Reputation if poorly  
>> > > placed) and the context and dynamics determine the value added.  
>> > > ... different weights that may be placed on a given value dimension in  
>> > > different value spaces.  
>> >  
>> >  
>> > So philosophically speaking you are for rewarding not in proportion to  
>> > absolute effort/labor, but in proportion to the total value created  
>> through  
>> > this effort/labor, and if there are multipliers within the economical  
>> system  
>> > that's all fine.  
>> >  
>> > I always found it unjust that a stupid pop singer with very little  
>> education  
>> > makes (\$) ridiculously more than a doctor. The pop singer reaches more  
>> > people, because his output is multiplied with the help of technology  
>> > (TV,



>> > radio, CDs, etc.), so he makes more than a doctor who can only see one  
>> > patient at the time. It's not just jealousy. This system creates  
>> > powerful  
>> > incentives and shifts attention towards highly rewarded trades,  
>> > sometimes  
>> to  
>> > the detriment of the community.  
>> >  
>> > In the \*new economy\* we are building, we want to be rewarded in  
>> proportion  
>> > to our efforts or to the value we create?  
>> >  
>> >  
>> > On Thu, Sep 15, 2011 at 3:54 AM, Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)>  
>> wrote:  
>> >  
>> > > The simple answer is yes you should get to register the value in both  
>> > > networks. That said calling it 2x is simplistic. Taking a simple  
>> dimension  
>> > > of value, let's look at Time. The Time dimension is registered in  
>> > > both  
>> > > places but depending on the amount of time in each network (total time  
>> spent  
>> > > by everyone) the time might be 'worth' different amounts in each  
>> network.  
>> > >  
>> > > This issue becomes more complicated when we look at other dimensions  
>> > > of  
>> > > value. A given deliverable may not resonate equally in two value  
>> spaces,  
>> > > and in one space it is added to and hits a reinforcement (cash for  
>> instance)  
>> > > but in the other it stalls and goes nowhere. The context always  
>> affects  
>> > > the value.  
>> > >  
>> > > So parsing this out, the party making the value add registers it in  
>> both  
>> > > (all) value spaces they feel it belongs in (possibly affecting their  
>> > > Reputation if poorly placed) and the context and dynamics determine  
>> > > the  
>> > > value added.  
>> > >  
>> > > Note that if we get to value equations some day, this is further  
>> > > complicated by the different weights that may be placed on a given  
>> value  
>> > > dimension in different value spaces.  
>> > >  
>> > > I am nursing a migraine so i will stop there.  
>> > >  
>> > > Sorry to not have gotten involved yet, i had said to Steve i would  
>> > > pist  
>> > > within 2 weeks and it is now the third week (i would be losing  
>> Reputation  
>> > > based on poor Commitment). In this dimVal making commitments then

>> keeping  
>> > > them is most valuable, not making them is neutral and making them and  
>> not  
>> > > keeping them is a negative.  
>> > >  
>> > > I ramble.  
>> > >  
>> > > Repost to others as you see fit.  
>> > >  
>> > > /kdl  
>> > >  
>> > >  
>> > >  
>> > > On 2011-09-15, at 12:29 AM, Tiberius Brastaviceanu <  
>> > > [tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)> wrote:  
>> > >  
>> > > Hi \*Kurt\*,  
>> > >  
>> > > I have a concrete problem for you about value systems.  
>> > >  
>> > > We have tow networks X and W, and A and B are members of both. A and B  
>> have  
>> > > an activity together that affects the value of both X and W. How  
>> > > should  
>> A  
>> > > and B log their contribution. Do they log it in W and in X?  
>> > >  
>> > > \*Example\*: \*Steve\* and I have a Skype meeting in which we discuss  
>> > > about  
>> > > SENSORICA and Greener Acres, for instance about how SENSORICA can  
>> provide  
>> > > sensing technology for local food systems.  
>> > >  
>> > > This activity adds value in both networks, Steve and I are members in  
>> both  
>> > > networks. Do I have to log the same activity in both networks? In this  
>> case  
>> > > my effort is duplicated. I give x and I get 2x in return. In a sense  
>> it's  
>> > > OK, because the x I give creates 2x of value in the real world, I  
>> affect  
>> > > both communities (same thing for Steve).  
>> > >  
>> > > We can also imagine that some x I give might increase value in more  
>> than 2  
>> > > networks. It seems that the output of a single person can multiply  
>> itself.  
>> > > Should the person get x-multiplied back from society? Or just an  
>> equivalent  
>> > > to the person's effort? This is the question!  
>> > >  
>> > >  
>> > > NOTE: I also copied Bayle and his PieTrust group on this one.  
>> > >  
>> > >  
>> > >

>> > > --  
>> > > t!b! <<http://www.google.com/profiles/tiberius.brastaviceanu>>  
>> > > co-founder of SENSORICA <<http://www.sensorica.co>>,  
>> > > an open, decentralized and self-organizing  
>> > > value network (an open enterprise)  
>> > >  
>> > > founder of Multitude Project<  
>> <<https://sites.google.com/site/multitude2008/>>  
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> an open, decentralized and self-organizing  
> value network (an open enterprise)  
>  
> founder of Multitude Project <<https://sites.google.com/site/multitude2008/>>  
>

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Kurt Laitner  
Business Architect  
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Third Meta  
Business Process and Information Management Consulting

--  
[t!b!](mailto:t!b!)  
co-founder of [SENSORICA](#),  
an open, decentralized and self-organizing  
value network (an open enterprise)

founder of [Multitude Project](#)

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value network (an open enterprise)

founder of [Multitude Project](#)

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**Kurt Laitner** <[klaitner@gmail.com](mailto:klaitner@gmail.com)>

Tue, Sep 20, 2011 at 12:36 PM

To: Tiberius Brastaviceanu <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)>

Cc: pietrust-discuss@googlegroups.com, Steve Bosserman <[steve.bosserman@gmail.com](mailto:steve.bosserman@gmail.com)>

I will respond interspersed to your previous comments Tiberius,

On Fri, Sep 16, 2011 at 12:10 AM, Tiberius Brastaviceanu <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)> wrote:

Thanks Bayle!

[I remind you all that this theoretical discussion has very concrete implications.]

**Kurt**

The context always affects the value.

... the party making the value add registers it in both (all) value spaces they feel it belongs in (possibly affecting their Reputation if poorly placed) and the context and dynamics determine the value added.

... different weights that may be placed on a given value dimension in different value spaces.

**Bayle**

record it [value] in each network, and the contribution may have different values in the context of each community.

Up to this point **Kurt** and **Bayle** seem to agree on the option to reward the individual based on **value created**, NOT **efforts**.

I don't actually believe this conclusion is necessarily accurate for either Bayle or I but I will address my own perspective. Effort is not context dependent, it is in fact a function of time. It's value is a much more complex function. For example effort by a skilled party in a context where that skill is necessary is more valuable than effort by that skilled party in a context where that skillset doesn't apply (the physicist doing carpentry for example). I am reminded of a quip 'you don't have much use for quantum mechanics when there's a bunch of sawdust around'.

Another interesting twist is that of Commitment and Risk. Effort on a project early on when it is no where near paying off is more valuable than someone coming in late with the same effort when the project is about to pay off. This is the Risk function of Effort. Effort that is done in a manner agreed to in advance is worth more (to most projects that value progress and predicatability) than effort done in an ad hoc manner (fly by). This is the Commitment function of effort.

A friend asked me about my definition of freedom the other day. He said am I free to run naked down Jasper Avenue? My response was weak but I now realize I missed a key point. One of my mantras is that you should not need permission to add value. This doesn't apply to destroying value. Of course there are different perspectives on this example around the value of the streaking. It would depend on the context (normal day, grey cup day) and the party doing the streaking (ugly old person, fine looking young one) and the audience's attitudes

(conservative versus liberal). While we cannot solve this in an objective final way, we can say that the value of an effort is heavily contextual, and that we should be able to communicate in advance whether that would be valuable so that people can behave accordingly.

Another example is an mp3 download. If used for the purposes of remixing and selling more copies, this is a value added activity. That said the dj may have no talent, and thus no audience, and in fact may damage the original song by perhaps making a mockery of it (again this may add value for some, but perhaps not for the artist). In this case one could call the action consumptive and demand payment and permission. The permission after the fact / before the fact issue remains, with the guidance that it not become an obstacle to adding value (perhaps one is assumed talented until proven a hack in this example). The hobbyist remixer may still make an effort, but if no value added one can call this consumption not value add.

In the terms of commerce, when someone does not add value, this is an act of consumption (destruction is also consumption). In my current view, this would require 'payment' and possibly 'permission' and may or may not be characterized as a 'transaction'. This is a complicated matter.

So my point (at long last) is that effort by itself cannot determine reward completely, but in most contexts it would be wise (but optional) to reward pure effort f(time,competence), unless it is consumptive.

There are two arguments put forward by Bayle:

- a) **effort is disconnected from value** (as viewed by the community, in context) created, i.e. bad goals, poor skills, missallocation of resources, bad management, etc. [please intervene if my interpretation is incorrect!].
- b) if you reward according to efforts (e.g. pay per hour) the community will force individuals to align efforts with (community's) goals, hence we have control.

I think the interpretation of effort as Time is perhaps over simplifying the matter. In fact 'effort' is a complicated abstraction that is perhaps too imprecise for usefulness.

I am starting to believe that the secret might probably be something else.

- 1) I hope we all agree that the **pop singer example** (see bellow) illustrates something ridiculous about our economical system.

No I wouldn't agree. I do think we need to clearly understand what is the value being added. If an engineer invented a gadget that saved each human on earth one hour a day, the leverage to them should be significant. I don't have a problem with the leverage of value added, I only have a problem with 'money' being able to 'make more money' this is a concentration effect that is undesirable.

In this example we do need to break down the value of the pop song. One can revert to market mechanics (it's worth what people pay) but we can temper that with a discussion of inputs. The artist in question has likely put in around 10 to 20 thousand hours into their instrument / art to become skilled enough to put out their art in the first place - all of this is sunk cost. All of that time was at Risk, which gives it more leverage (you could calculate it by thinking about how many artists 'make it' versus those who don't. If you want a robust solution those who die trying would be compensated by the one artist who 'makes it' for their 'effort'). Talent is difficult to price but it sort of goes to the percentage who make it calculation. There are of course other costs for production, but as we know distribution is now free.

This of course is a cost analysis. One could then take a look at the demand side but this example is challenging. An mp3 does not have productive use (except for the remixer). In this manner it cannot be priced like a lathe or a printing press (value in use). This becomes a personal opinion about how much the music is

'worth'. That said I think all consumers of music would like for the artist to be properly compensated for their efforts and for them to be able to continue to make music. In fact the more enlightened will realize that musical talent is a numbers game and would want to support 'musicians' rather than just the artist in question, knowing that the artist is the result of a filtering function on a huge amount of Risk-Time. Some support indie artists and up and coming artists for this reason.

I could go on but I think you get my general direction.

2) You convinced me that **efforts are not hard-linked to value**, and it gets even worse, because value is contextual, so the same efforts valued in one context can depreciate in others.

How can we reconcile 1) and 2)? They both seem right, but one contradicts one choice and the other one the other choice. So we are left with no choice, but we all know that value and effort MUST be taken into consideration...

So it is clear that we cannot have a reward formula solely based on **value** or solely based on **effort**.

Can we build a system in which the **mad scientist**, spending 25h/day in his lab potentially providing tremendous value to society, but who makes shitty money, AND the **pop singer** are properly treated?

hmmm...

- Can we **saturate** the contribution of the *total value produced* to the *reward formula* and take *effort* into consideration as well?

rephrasing, can we consider the 'system' required to produce the singular success and compensate the whole system rather than the success - this REQUIRES that we compensate EFFORT, not just Value. That said we MUST compensate success (Value) more than mere effort, and we MUST encourage those who are not producing value in a context to explore other contexts where they may be more successful (another excellent motivation for cross posting to multiple value spaces/networks)

- Can we estimate **average effort needed for a given value**, in context, and take that into consideration a well?

the answer depends on whether the task at hand is well known and repeatable or not, and the size of the data pool available to use on 'similar' goals. ie drug companies have an idea what it takes to develop a new drug, but don't know what the next drug will take, or whether that research will go anywhere (hence scale as a solution). insurance ditto. this calculation is much easier when you are looking at a deterministic outcome, like putting a tire on a car. If we have a well defined task like this, we can very easily determine what time it would take a 'reasonably skilled person' to do the task, then compensate based on that (if you take longer you get paid less per hour, if you take less, you get paid more) assuming 'quality' can be held constant through metrics. This however is not very interesting, even though many businesses cannot even get their heads around this simple concept (I saw again recently the quote that if it can be measured a machine should do it).

- What if we come up with a **totally new concept**, something like the **energy** in physic, which is an abstraction "composed" of different observables, like *mass* and *speed* in Newtonian mechanics  $E = (m*v^2)/2$ . This new thing which speaks *reward* would be a function of *effort* and *value created*, and perhaps something else.

I have come at this from the perspective that we need to come up with a generic value equation that is parameterized  $V=kT+jC$  etc where Time and Competence are dimensions of value and k and j are weightings an individual value space puts on those. The set of such equations is an ecosystem of competing organizational

DNA, if you will.

I am not sure going another level of abstraction up (some function of Value and Effort) is worthwhile, but it is intriguing, will put that in my pipe and smoke it for a while. Effort as I said is poorly defined. Perhaps one could say that this is the Reward equation  $R = \text{fn}(V, E)$  or generalized  $R = \text{fn}(aA, bB, cC, \dots, nN)$  where A, B, C... are the dimensions of Value and a, b, c...n are your weightings. I don't expect this will be a simple sum, and A, B, C...N will not be orthogonal. Have to leave some fun for the math guys.

I am just writing whatever goes through my mind...

**NOTE:** within an open enterprise (which is what we build) the individual decides what to spend efforts on and to take risks. These decisions are mediated by a system of incentives within the value network. The individual decision is never entirely free of constraints. Involvement in SENSORICA is not only for fun, we believe that soon SENSORICA will feed families.

This conclusion is loaded. "The individual decision is never entirely free of constraints" this cuts to the point my friend made about the definition of 'Freedom' and in my world you are entirely free to add Value, but this just pushes the definitional problem downstream.

"the individual decides...These decisions are mediated by a system of incentives within the value network"

perhaps mediated is not quite right (influenced?), but this is the right direction. leave freedom to the individual to choose their constraints.. lol. I do think that an ecosystem of value spaces all with varieties of value equations will in fact promote choice and as such 'freedom', as well as leading to new emergent behaviors and organizational forms.

Sorry for the fiscing.

/kdl

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**Kurt Laitner <klaitner@gmail.com>**

**Tue, Sep 20, 2011 at 12:55 PM**

Reply-To: pietrust-discuss@googlegroups.com

To: Samuel Rose <samuel.rose@gmail.com>

Cc: pietrust-discuss@googlegroups.com, Steve Bosserman <steve.bosserman@gmail.com>

I have seen this perspective before and it is highly valuable. My (I speak only for myself, though there is some synergy here) approach has been described as 'technically' or as others have put it 'engineering' oriented. I actually view it more as organic and descriptive. What I would hope to achieve is a description of value at the primitive level, a set of rules if you will, that are composable into a statement of what a community has negotiated as its approach to value creation. In this manner what you describe and my goal are in fact complimentary, not different approaches.

I am to be sure neglecting the process at this point in favor of a focus on the information store, if you will (a technical metaphor :-).

A model is useful for what it leaves out, rather than for its descriptive capacity. As such the model or 'generalized value equation' is to be a 'good enough' tool for a community to publish what it needs and values, and then for use as a method of tracking and rewarding value added (as I've commented in this thread recently I think 'effort' is too loose to be useful). This may include a competency model. Let's assume we can describe and publish what a community values and requires in a generic manner, and that individuals can be described (self and other) in a compatible way, we now have the basis for a matching algorithm that can direct human 'effort' in an optimized and hopefully robust manner (the robust part being the challenge and my chief concern). The goal



in general is to maximize personal freedom and collective effectiveness/efficiency at the same time.

When we move off of 'value' to the governance issue, I would suggest that there is another equation, perhaps differently weighted version of the value equation (the 'meritocracy') that determines decision making authority. I currently show Authority as a dimension of Reward. (see <http://www.mindmeister.com/86243784/value> )

This is a tool, not a solution. We are working through a definitional problem. The solution is much messier, as you describe, and requires competencies other than those I possess (facilitation, community building). I hope to meet you and others at contactcon if you plan to attend to broaden my experience with your and other perspectives.

/kdl

On Mon, Sep 19, 2011 at 11:26 PM, Samuel Rose <[samuel.rose@gmail.com](mailto:samuel.rose@gmail.com)> wrote:

A few comments:

In general, following the discussion here between Bayle, Kurt, Tiberius and Steve

It seems to me that the dilemmas you all describe related to network to network connections, "value" vs. "effort", mixing a system of "value" and "effort" recognition, etc all boil down to paradigm/worldview/fundamental assumptions problem.

So, if you tasked yourself for instance, with the problem of how to connect two networks using a system like pietrust, I think before the system is opened up for P2P participation, that a period of social negotiation would need to be fostered and stewarded. Because, what is really happening here is \*community building\*. So people should meet, get to know and trust one another, and there should be support people present who are versed in community building. The primary task in community building will be to resolve diverse worldviews. You cannot resolve diverse worldview perspectives by insisting your worldview is "right", any more than one radio can receive a transmission from another in frequencies that do not match. So, the community lives or dies on whether it addresses what is "in it" for the people who comprise the community. This is where the so-called "Value Network" process can also be applied if participants are willing, as an exercise to help tune transmitters to receivers across spectrums (or at least get people to start moving the knobs around...)

Beyond this, an understanding of Social Dilemmas is essential (or you will likely find yourself \*in\* them...)

From our work in Forward Foundation/Future Forward Institute:

"The absolutely essential understanding to be absorbed here is that commons management (cooperative co-management of resources) is not primarily a technical problem but a social one and that the key ingredient in the solution is information transparency. Therefore, implementation requires a thorough grounding in both social dilemmas (Kollock) as well as technology design."

<http://forwardfound.org/blog/?q=resource-sharing-grounding-21st-century-economy>



The reference to "Kollock" can be read in more detail here:

<http://cooperationcommons.com/node/390>

From that summary, Kollock mentions: "Recent evidence suggests that the strategy of choosing partners is more important than the strategy used within a dilemma. In a modified version of iterative Prisoner's Dilemma tournament actors can exit current relationships and choose alternative partners. A very successful strategy in this environment is Out-for-Tat which exits a relationship as soon as the partner defects. A more forgiving version that gives a defecting partner a second chance is even more successful."

Kollock confirms that relationship building is vital to success in communities/value networks/sharing systems.

So, what does this have to do with pietrust?

Build your relationships and community \*first\*. This will then inform and drive how you might use pietrust (should you determined pietrust is a good fit). Pietrust can handle many different rule sets for how to award slices of the "pie". So, you could only allow participants to evaluate based on "effort" (hours worked) alone, then pass off the equations to pietrust API, and it will calculate, track and return data. I am not suggesting that you do this, but you \*could\* do it. I offer that description as a demonstrative example that pietrust affords a wide array of rules and logics for how shares are allocated. (You can even create new pies withing slices, for instance).

Hopefully this doesn't come across as dismissive of what the rest of you have discussed. Offered as constructive feedback only.

On Fri, Sep 16, 2011 at 2:10 AM, Tiberius Brastaviceanu

<[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)> wrote:

> Thanks Bayle!

> [I remind you all that this theoretical discussion has very concrete  
> implications.]

>

> Kurt

>>

>> The context always affects the value.

>> ... the party making the value add registers it in both (all) value

>> spaces they feel it belongs in (possibly affecting their Reputation if

>> poorly placed) and the context and dynamics determine the value added.

>> ... different weights that may be placed on a given value dimension

>> in different value spaces.

>

> Bayle

>>

>> record it [value] in each network, and the contribution may have different

>> values in the context of each community.

>

> Up to this point Kurt and Bayle seam to agree on the option to reward the

> individual based on value created, NOT efforts. There are two arguments put

> forward by Bayle:

>

> a) effort is disconnected from value (as viewed by the community, in  
> context) created, i.e. bad goals, poor skills, missallocation of resources,  
> bad management, etc. [please intervene if my interpretation is incorrect!].  
> b) if you reward according to efforts (e.g. pay per hour) the community  
> will force individuals to align efforts with (community's) goals, hence we  
> have control.  
>  
> I am starting to believe that the secret might probably be something else.  
> 1) I hope we all agree that the pop singer example (see bellow)  
> illustrates something ridiculous about our economical system.  
> 2) You convinced me that efforts are not hard-linked to value, and it gets  
> even worse, because value is contextual, so the same efforts valued in one  
> context can depreciate in others.  
> How can we reconcile 1) and 2)? They both seam right, but one contradicts  
> one choice and the other one the other choice. So we are left with no  
> choice, but we all know that value and effort MUST be taken into  
> consideration...  
> So it is clear that we cannot have a reward formula solely based on value or  
> solely based on effort.  
> Can we build a system in which the mad scientist, spending 25h/day in his  
> lab potentially providing tremendous value to society, but who makes shitty  
> money, AND the pop singer are properly treated?  
> hmmm...  
>  
> Can we saturate the contribution of the total value produced to the reward  
> formula and take effort into consideration as well?  
> Can we estimate average effort needed for a given value, in context, and  
> take that into consideration a well?  
> What if we come up with a totally new concept, something like the energy in  
> physic, which is an abstraction "composed" of different observables, like  
> mass and speed in Newtonian mechanics  $E = (m \cdot v^2)/2$ . This new thing which  
> speaks reward would be a function of effort and value created, and perhaps  
> something else.  
>  
> I am just writing whatever goes through my mind...  
> NOTE: within an open enterprise (which is what we build) the individual  
> decides what to spend efforts on and to take risks. These decisions are  
> mediated by a system of incentives within the value network. The individual  
> decision is never entirely free of constraints. Involvement in SENSORICA is  
> not only for fun, we believe that soon SENSORICA will feed families.  
> =====  
>  
> On Thu, Sep 15, 2011 at 2:51 PM, Bayle Shanks <[bshanks@pietrust.org](mailto:bshanks@pietrust.org)> wrote:  
>>  
>> i agree with Kurt, record it in each network, and the contribution  
>> may have different values in the context of each community.  
>>  
>> Note: if possible, it would be technically useful for interoperability if  
>> the contribution itself was identified with a URI, and if both  
>> networks had a way to add a note saying which URI the contribution  
>> record was for (in PieTrust, each evaluation record has a field called  
>> "ref string" for this purpose). This way automated tools can tell that  
>> the two records in the two communities' logs are talking about the  
>> same thing.  
>>  
>>  
>>

>> > In the \*new economy\* we are building, we want to be rewarded in  
>> > proportion  
>> > to our efforts or to the value we create?

>>  
>> my preference is for the value created. Sadly it's very easy for  
>> people to accidentally spend a large proportion of their effort on  
>> things that have little or no value -- i do this frequently myself  
>> (the happy side is: it's sometimes possible for people to add a lot of  
>> value with very little effort, e.g. the pop singer example). Who gets  
>> stuck with the bill for the wasted effort? If the community rewards  
>> the individual based on effort, then the community is stuck with the  
>> bill. Seems to me this is a very expensive bill.

>>  
>> In addition, there may be second-order effects. If the community is  
>> stuck with the bill for wasted effort, then the community will demand  
>> the right to control (or at least pre-approve) individual expenditures  
>> of effort. This reduces freedom (bad), and also means that the  
>> community must have effective management structures that resist social  
>> pressures to let people work on unproductive things that sound good  
>> (difficult).

>>  
>> I think this maps closely to traditional employment. In  
>> traditional employment, the employee sells time to to  
>> their employer ("I'll be here every day from 9 to 5 and then some").  
>> They must obey commands during this time, and it's then up to the  
>> employer to allocate this time to productive activities. If the  
>> employer tells them to work on something unproductive, the employee  
>> still gets paid for the time. If the employer fails to enforce their  
>> commands, and employees spend time on something unproductive, the  
>> employee still gets paid for the time. Hence, in traditional  
>> employment, sometimes companies get into policing their employees to  
>> make sure they don't spend too much time goofing off on the internet,  
>> etc.

>>  
>> Risk/reward gets in here too. The market pays more for taking on more  
>> risk. If the employer takes on the risk of misallocation of time, then  
>> if they manage their employees correctly, they should make more  
>> profits. When the employee takes on that risk, they'll get those extra  
>> profits. This is probably one of the reasons that independent  
>> contractors and startup founders can get paid more than employees.

>>  
>> Seems to me that the decision should come down to: who should be  
>> making the decision about what people spend their efforts on? The  
>> community or the individual who spends the effort? I think the answer  
>> varies by situation, but "the individual" is the better default.

>>  
>>  
>>  
>>  
>>

>> On Thu, Sep 15, 2011 at 04:43:23AM -0400, Tiberius Brastaviceanu wrote:

>> > Yap, this makes a lot of sense \*Kurt\*. Your point is well taken, my  
>> > example  
>> > is simplistic, thank you for dressing it up with all the nuance.

>> >

>> > Don't worry about commitment, you already help a lot. The only issue I

>> > have  
>> > with your contributions is that they are only recorded on our chats. In  
>> > other words, your x is not registered and valued as it should. I hope  
>> > you  
>> > get some value out of our exchanges, not just migraines ; )  
>> >  
>> > The context always affects the value.  
>> > > ... the party making the value add registers it in both (all) value  
>> > > spaces  
>> > > they feel it belongs in (possibly affecting their Reputation if poorly  
>> > > placed) and the context and dynamics determine the value added.  
>> > > ... different weights that may be placed on a given value dimension in  
>> > > different value spaces.  
>> >  
>> >  
>> > So philosophically speaking you are for rewarding not in proportion to  
>> > absolute effort/labor, but in proportion to the total value created  
>> > through  
>> > this effort/labor, and if there are multipliers within the economical  
>> > system  
>> > that's all fine.  
>> >  
>> > I always found it unjust that a stupid pop singer with very little  
>> > education  
>> > makes (\$) ridiculously more than a doctor. The pop singer reaches more  
>> > people, because his output is multiplied with the help of technology  
>> > (TV,  
>> > radio, CDs, etc.), so he makes more than a doctor who can only see one  
>> > patient at the time. It's not just jealousy. This system creates  
>> > powerful  
>> > incentives and shifts attention towards highly rewarded trades,  
>> > sometimes to  
>> > the detriment of the community.  
>> >  
>> > In the \*new economy\* we are building, we want to be rewarded in  
>> > proportion  
>> > to our efforts or to the value we create?  
>> >  
>> >  
>> >  
>> > On Thu, Sep 15, 2011 at 3:54 AM, Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)>  
>> > wrote:  
>> >  
>> > > The simple answer is yes you should get to register the value in both  
>> > > networks. That said calling it 2x is simplistic. Taking a simple  
>> > > dimension  
>> > > of value, let's look at Time. The Time dimension is registered in  
>> > > both  
>> > > places but depending on the amount of time in each network (total time  
>> > > spent  
>> > > by everyone) the time might be 'worth' different amounts in each  
>> > > network.  
>> > >  
>> > > This issue becomes more complicated when we look at other dimensions  
>> > > of  
>> > > value. A given deliverable may not resonate equally in two value

>> > > spaces,  
>> > > and in one space it is added to and hits a reinforcement (cash for  
>> > > instance)  
>> > > but in the other it stalls and goes nowhere. The context always  
>> > > affects  
>> > > the value.  
>> > >  
>> > > So parsing this out, the party making the value add registers it in  
>> > > both  
>> > > (all) value spaces they feel it belongs in (possibly affecting their  
>> > > Reputation if poorly placed) and the context and dynamics determine  
>> > > the  
>> > > value added.  
>> > >  
>> > > Note that if we get to value equations some day, this is further  
>> > > complicated by the different weights that may be placed on a given  
>> > > value  
>> > > dimension in different value spaces.  
>> > >  
>> > > I am nursing a migraine so i will stop there.  
>> > >  
>> > > Sorry to not have gotten involved yet, i had said to Steve i would  
>> > > pist  
>> > > within 2 weeks and it is now the third week (i would be losing  
>> > > Reputation  
>> > > based on poor Commitment). In this dimVal making commitments then  
>> > > keeping  
>> > > them is most valuable, not making them is neutral and making them and  
>> > > not  
>> > > keeping them is a negative.  
>> > >  
>> > > I ramble.  
>> > >  
>> > > Repost to others as you see fit.  
>> > >  
>> > > /kdl  
>> > >  
>> > >  
>> > > On 2011-09-15, at 12:29 AM, Tiberius Brastaviceanu <  
>> > > [tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)> wrote:  
>> > >  
>> > > Hi \*Kurt\*,  
>> > >  
>> > > I have a concrete problem for you about value systems.  
>> > >  
>> > > We have tow networks X and W, and A and B are members of both. A and B  
>> > > have  
>> > > an activity together that affects the value of both X and W. How  
>> > > should A  
>> > > and B log their contribution. Do they log it in W and in X?  
>> > >  
>> > > \*Example\*: \*Steve \*and I have a Skype meeting in which we discuss  
>> > > about  
>> > > SENSORICA and Greener Acres, for instance about how SENSORICA can  
>> > > provide

>> > sensing technology for local food systems.  
>> >>  
>> >> This activity adds value in both networks, Steve and I are members in  
>> >> both  
>> >> networks. Do I have to log the same activity in both networks? In this  
>> >> case  
>> >> my effort is duplicated. I give x and I get 2x in return. In a sense  
>> >> it's  
>> >> OK, because the x I give creates 2x of value in the real world, I  
>> >> affect  
>> >> both communities (same thing for Steve).  
>> >>  
>> >> We can also imagine that some x I give might increase value in more  
>> >> than 2  
>> >> networks. It seems that the output of a single person can multiply  
>> >> itself.  
>> >> Should the person get x-multiplied back from society? Or just an  
>> >> equivalent  
>> >> to the person's effort? This is the question!  
>> >>  
>> >>  
>> >> NOTE: I also copied Bayle and his PieTrust group on this one.  
>> >>  
>> >>  
>> >>  
>> >> --  
>> >> t!b! <<http://www.google.com/profiles/tiberius.brastaviceanu>>  
>> >> co-founder of SENSORICA <<http://www.sensorica.co>>,  
>> >> an open, decentralized and self-organizing  
>> >> value network (an open enterprise)  
>> >>  
>> >> founder of Multitude  
>> >> Project<<https://sites.google.com/site/multitude2008/>>  
>> >>  
>> >>  
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>> >>  
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>> >> <<https://sites.google.com/site/multitude2008/>>  
>  
>  
>  
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> co-founder of SENSORICA,  
> an open, decentralized and self-organizing  
> value network (an open enterprise)  
> founder of Multitude Project  
>

--  
--

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<http://socialmediaclassroom.com>

"The universe is not required to be in perfect harmony with human ambition." - Carl Sagan

--

Kurt Laitner  
Business Architect  
Direct: [780-938-3863](tel:780-938-3863)

Third Meta  
Business Process and Information Management Consulting

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**Samuel Rose** <[samuel.rose@gmail.com](mailto:samuel.rose@gmail.com)>

**Tue, Sep 20, 2011 at 1:33 PM**

Reply-To: [pietrust-discuss@googlegroups.com](mailto:pietrust-discuss@googlegroups.com)

To: Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)>

Cc: [pietrust-discuss@googlegroups.com](mailto:pietrust-discuss@googlegroups.com), Steve Bosserman <[steve.bosserman@gmail.com](mailto:steve.bosserman@gmail.com)>

On Tue, Sep 20, 2011 at 12:55 PM, Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)> wrote:

> I have seen this perspective before and it is highly valuable. My (I speak  
> only for myself, though there is some synergy here) approach has been  
> described as 'technically' or as others have put it 'engineering' oriented.  
> I actually view it more as organic and descriptive. What I would hope to  
> achieve is a description of value at the primitive level, a set of rules if  
> you will, that are composable into a statement of what a community has  
> negotiated as its approach to value creation. In this manner what you  
> describe and my goal are in fact complimentary, not different approaches.  
>  
> I am to be sure neglecting the process at this point in favor of a focus on  
> the information store, if you will (a technical metaphor :-)).  
>  
> A model is useful for what it leaves out, rather than for its descriptive  
> capacity. As such the model or 'generalized value equation' is to be a  
> 'good enough' tool for a community to publish what it needs and values, and  
> then for use as a method of tracking and rewarding value added (as I've  
> commented in this thread recently I think 'effort' is too loose to be  
> useful). This may include a competency model. Let's assume we can describe  
> and publish what a community values and requires in a generic manner, and  
> that individuals can be described (self and other) in a compatible way, we  
> now have the basis for a matching algorithm that can direct human 'effort'  
> in an optimized and hopefully robust manner (the robust part being the  
> challenge and my chief concern). The goal in general is to maximize

- > personal freedom and collective effectiveness/efficiency at the same time.
- >
- > When we move off of 'value' to the governance issue, I would suggest that
- > there is another equation, perhaps differently weighted version of the value
- > equation (the 'meritocracy') that determines decision making authority. I
- > currently show Authority as a dimension of Reward. (see
- > <http://www.mindmeister.com/86243784/value> )
- >
- > This is a tool, not a solution. We are working through a definitional
- > problem. The solution is much messier, as you describe, and requires
- > competencies other than those I possess (facilitation, community building).
- > I hope to meet you and others at contactcon if you plan to attend to broaden
- > my experience with your and other perspectives.
- >
- > /kdl
- >
- >
- >

Thanks for the response, Kurt. To be sure, I am huge technology advocate. I am a software developer, hardware hacker and designer, and I mediate a huge amount of my life with technologies. I even experiment with controlling irrigation and climate of food production with technology!

However, I also did this <http://cooperationcommons.com> research work with Howard Rheingold and Institute for the Future, and have worked with other futures groups such as Foresight Institute at Swineburne, participating in online communities like CommunityWiki and MeatballWiki, work that I did in the past few years with Steve Bosserman and Ross MacDonald, and Peer to Peer foundation and this is where I picked up on the social dilemma, worldview/paradigm and community building dimension.

The reality lately, however, is that more often than not, if you get a group of people together into a room and start "social negotiating", \*they\* will start \*asking\* for technologies like pietrust as part of an idea about how they would like to work together! So, all I am saying is: yes let's build these technologies, but lets also make sure to not forget about why we all got together into the room, and let's make sure to build the relationships and address the desired outcomes of participants, build trust, foster openness, seek to understand together where we can effectively pool and share resources, etc then when we use pietrust, we can really leverage it in a way resonates with how the group envisions it can work together.

I will definitely be at contact and am glad to meet up with you and talk about this there, too.

--  
--

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<http://hollymeadcapital.com>  
<http://p2pfoundation.net>  
<http://futureforwardinstitute.com>  
<http://socialmediaclassroom.com>

"The universe is not required to be in perfect harmony with human ambition." - Carl Sagan

---

**Touradj Barman <tbarman@gmail.com>**  
Reply-To: [pietrust-discuss@googlegroups.com](mailto:pietrust-discuss@googlegroups.com)  
To: [pietrust-discuss@googlegroups.com](mailto:pietrust-discuss@googlegroups.com)

**Tue, Sep 20, 2011 at 7:45 PM**

This is a very interesting conversation and I apologize if I've missed some parts, but the pop singer example made me think of what's called a "public good" in economics. Some details aside, a public good is essentially a good that doesn't get consumed when it's used, so that it can be consumed by many. An apple isn't a public good (once one person eats it, it's gone), but a song is essentially a public good: many people can consume it in its entirety and not preclude many others from doing the same, ad infinitum.

This got me to thinking that value of something is not necessarily one number, but a sum of numbers. It's also not well measured on the transmitting end, but on the receiving end. So if eating an apple brings the average person \$0.50 of value and listening to a great song also brings the average person \$0.50 of value, these things still don't have the same value. The apple is probably eaten by only one person whereas the song might be enjoyed (or "consumed") by 10,000,000 people. If that's the case, the apple still only has \$0.50 of value, but the song has \$5,000,000 of value.

You guys have probably already taken this into account, but I just thought I'd share the thought anyway...

Touradj

On Tue, Sep 20, 2011 at 9:36 AM, Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)> wrote:

> I will respond interspersed to your previous comments Tiberius,

>

>

> On Fri, Sep 16, 2011 at 12:10 AM, Tiberius Brastaviceanu

> <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)> wrote:

>>

>> Thanks Bayle!

>> [I remind you all that this theoretical discussion has very concrete  
>> implications.]

>>

>> Kurt

>>>

>>> The context always affects the value.

>>> ... the party making the value add registers it in both (all) value

>>> spaces they feel it belongs in (possibly affecting their Reputation if

>>> poorly placed) and the context and dynamics determine the value added.  
>>> ... different weights that may be placed on a given value dimension  
>>> in different value spaces.

>>  
>> Bayle

>>>  
>>> record it [value] in each network, and the contribution may have  
>>> different values in the context of each community.

>>  
>> Up to this point Kurt and Bayle seem to agree on the option to reward the  
>> individual based on value created, NOT efforts.

>  
> I don't actually believe this conclusion is necessarily accurate for either  
> Bayle or I but I will address my own perspective. Effort is not context  
> dependent, it is in fact a function of time. It's value is a much more  
> complex function. For example effort by a skilled party in a context where  
> that skill is necessary is more valuable than effort by that skilled party  
> in a context where that skillset doesn't apply (the physicist doing  
> carpentry for example). I am reminded of a quip 'you don't have much use  
> for quantum mechanics when there's a bunch of sawdust around".

>  
> Another interesting twist is that of Commitment and Risk. Effort on a  
> project early on when it is no where near paying off is more valuable than  
> someone coming in late with the same effort when the project is about to pay  
> off. This is the Risk function of Effort. Effort that is done in a manner  
> agreed to in advance is worth more (to most projects that value progress and  
> predicatability) than effort done in an ad hoc manner (fly by). This is the  
> Commitment function of effort.

>  
> A friend asked me about my definition of freedom the other day. He said am  
> I free to run naked down Jasper Avenue? My response was weak but I now  
> realize I missed a key point. One of my mantras is that you should not need  
> permission to add value. This doesn't apply to destroying value. Of course  
> there are different perspectives on this example around the value of the  
> streaking. It would depend on the context (normal day, grey cup day) and  
> the party doing the streaking (ugly old person, fine looking young one) and  
> the audience's attitudes (conservative versus liberal). While we cannot  
> solve this in an objective final way, we can say that the value of an effort  
> is heavily contextual, and that we should be able to communicate in advance  
> whether that would be valuable so that people can behave accordingly.

>  
> Another example is an mp3 download. If used for the purposes of remixing  
> and selling more copies, this is a value added activity. That said the dj  
> may have no talent, and thus no audience, and in fact may damage the  
> original song by perhaps making a mockery of it (again this may add value  
> for some, but perhaps not for the artist). In this case one could call the  
> action consumptive and demand payment and permission. The permission after  
> the fact / before the fact issue remains, with the guidance that it not  
> become an obstacle to adding value (perhaps one is assumed talented until  
> proven a hack in this example). The hobbyist remixer may still make an  
> effort, but if no value added one can call this consumption not value add.

>  
> In the terms of commerce, when someone does not add value, this is an act of  
> consumption (destruction is also consumption). In my current view, this  
> would require 'payment' and possibly 'permission' and may or may not be  
> characterized as a 'transaction'. This is a complicated matter.

>  
> So my point (at long last) is that effort by itself cannot determine reward  
> completely, but in most contexts it would be wise (but optional) to reward  
> pure effort f(time,competence), unless it is consumptive.  
>  
>  
>  
>>  
>> There are two arguments put forward by Bayle:  
>>  
>> a) effort is disconnected from value (as viewed by the community, in  
>> context) created, i.e. bad goals, poor skills, missallocation of resources,  
>> bad management, etc. [please intervene if my interpretation is incorrect!].  
>> b) if you reward according to efforts (e.g. pay per hour) the community  
>> will force individuals to align efforts with (community's) goals, hence we  
>> have control.  
>  
> I think the interpretation of effort as Time is perhaps over simplifying the  
> matter. In fact 'effort' is a complicated abstraction that is perhaps too  
> imprecise for usefulness.  
>  
>  
>>  
>> I am starting to believe that the secret might probably be something  
>> else.  
>> 1) I hope we all agree that the pop singer example (see bellow)  
>> illustrates something ridiculous about our economical system.  
>  
> No I wouldn't agree. I do think we need to clearly understand what is the  
> value being added. If an engineer invented a gadget that saved each human  
> on earth one hour a day, the leverage to them should be significant. I  
> don't have a problem with the leverage of value added, I only have a problem  
> with 'money' being able to 'make more money' this is a concentration effect  
> that is undesirable.  
>  
> In this example we do need to break down the value of the pop song. One can  
> revert to market mechanics (it's worth what people pay) but we can temper  
> that with a discussion of inputs. The artist in question has likely put in  
> around 10 to 20 thousand hours into their instrument / art to become skilled  
> enough to put out their art in the first place - all of this is sunk cost.  
> All of that time was at Risk, which gives it more leverage (you could  
> calculate it by thinking about how many artists 'make it' versus those who  
> don't. If you want a robust solution those who die trying would be  
> compensated by the one artist who 'makes it' for their 'effort'). Talent is  
> difficult to price but it sort of goes to the percentage who make it  
> calculation. There are of course other costs for production, but as we know  
> distribution is now free.  
>  
> This of course is a cost analysis. One could then take a look at the demand  
> side but this example is challenging. An mp3 does not have productive use  
> (except for the remixer). In this manner it cannot be priced like a lathe  
> or a printing press (value in use). This becomes a personal opinion about  
> how much the music is 'worth'. That said I think all consumers of music  
> would like for the artist to be properly compensated for their efforts and  
> for them to be able to continue to make music. In fact the more enlightened  
> will realize that musical talent is a numbers game and would want to support

> 'musicians' rather than just the artist in question, knowing that the artist  
> is the result of a filtering function on a huge amount of Risk-Time. Some  
> support indie artists and up and coming artists for this reason.  
>  
> I could go on but I think you get my general direction.  
>  
>>  
>> 2) You convinced me that efforts are not hard-linked to value, and it  
>> gets even worse, because value is contextual, so the same efforts valued in  
>> one context can depreciate in others.  
>> How can we reconcile 1) and 2)? They both seem right, but one contradicts  
>> one choice and the other one the other choice. So we are left with no  
>> choice, but we all know that value and effort MUST be taken into  
>> consideration...  
>> So it is clear that we cannot have a reward formula solely based on value  
>> or solely based on effort.  
>> Can we build a system in which the mad scientist, spending 25h/day in his  
>> lab potentially providing tremendous value to society, but who makes shitty  
>> money, AND the pop singer are properly treated?  
>> hmmm...  
>>  
>> Can we saturate the contribution of the total value produced to the reward  
>> formula and take effort into consideration as well?  
>  
> rephrasing, can we consider the 'system' required to produce the singular  
> success and compensate the whole system rather than the success - this  
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> as leading to new emergent behaviors and organizational forms.  
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> Sorry for the fiscing.  
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> /kdl  
>  
>  
>

---

**Kurt Laitner** <[klaitner@gmail.com](mailto:klaitner@gmail.com)>

**Tue, Sep 20, 2011 at 8:17 PM**

Reply-To: [pietrust-discuss@googlegroups.com](mailto:pietrust-discuss@googlegroups.com)

To: [pietrust-discuss@googlegroups.com](mailto:pietrust-discuss@googlegroups.com)

Hi Touradj,

the concept is sometimes called rival vs non-rival goods or scarce vs abundant goods but the point is that when the marginal cost of production goes to zero the market price should eventually do so as well (or so some economist told me). But it doesn't. We pay 99 cents for a song because that is what steve jobs decided we would pay. this is not even a market price, but it does clear at least in part. songs cost what they do because a scarce economic model is being sustained artificially through property law and corporate enclosure. clearly

apples are scarce (-ish) but copies of an mp3 are most certainly not. that said it would be a challenge to put forth a reasonable argument that the artist should therefore not be paid, or as some have proposed should only be paid for 'real work' or when they perform. (Similarly it seems absurd that due to market mechanisms an apple farmer is paid by a grocer less than the cost of raising the apples while the grocer gets the profits of selling them to consumers at much higher prices. The grocer has clearly added value, but so has the farmer.)

While the musician likely could make a good living just doing that it fails to capture the value created by the song or the sunk costs in becoming a musician or the cost of production. Kevin Kelly wrote an article called 'Better than Free' describing what people might be willing to pay for in the age of free copies which is very interesting, but again presupposes market pricing. It just comes from the opposite direction, that 'of course' the mp3 is free, so sell other things, like access to the band, or getting the mp3 first etc.

I've suggested elsewhere that bands should tour, play the songs on their new albums, and generate demand for the songs in an mp3 format, then kickstarter the recording of the song. Once the minimum they are willing to take is met they record and release the song, with donators getting the first copies, to do with as they wish. If they sell copies a percentage goes to the artist according to some predetermined value equation allowing 'distribution' and 'promotion' to be compensated for. This of course is still just a mechanism for enclosing value more effectively in the age of free copies.

It is however useful to think of what you would donate to the kickstarter project, and why. This is closer to compensation for value produced than buying an mp3 at street price.

sorry that i composed this while rushing off to make dinner, it may be a bit incomplete.

/kdl

On Tue, Sep 20, 2011 at 5:45 PM, Touradj Barman <[tbarman@gmail.com](mailto:tbarman@gmail.com)> wrote:

This is a very interesting conversation and I apologize if I've missed some parts, but the pop singer example made me think of what's called a "public good" in economics. Some details aside, a public good is essentially a good that doesn't get consumed when it's used, so that it can be consumed by many. An apple isn't a public good (once one person eats it, it's gone), but a song is essentially a public good: many people can consume it in its entirety and not preclude many others from doing the same, ad infinitum.

This got me to thinking that value of something is not necessarily one number, but a sum of numbers. It's also not well measured on the transmitting end, but on the receiving end. So if eating an apple brings the average person \$0.50 of value and listening to a great song also brings the average person \$0.50 of value, these things still don't have the same value. The apple is probably eaten by only one person whereas the song might be enjoyed (or "consumed") by 10,000,000 people. If that's the case, the apple still only has \$0.50 of value, but the song has \$5,000,000 of value.

You guys have probably already taken this into account, but I just thought I'd share the thought anyway...

Touradj

On Tue, Sep 20, 2011 at 9:36 AM, Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)> wrote:

> I will respond interspersed to your previous comments Tiberius,  
>



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>> Thanks Bayle!  
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> complex function. For example effort by a skilled party in a context where  
> that skill is necessary is more valuable than effort by that skilled party  
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> permission to add value. This doesn't apply to destroying value. Of course  
> there are different perspectives on this example around the value of the  
> streaking. It would depend on the context (normal day, grey cup day) and  
> the party doing the streaking (ugly old person, fine looking young one) and  
> the audience's attitudes (conservative versus liberal). While we cannot  
> solve this in an objective final way, we can say that the value of an effort  
> is heavily contextual, and that we should be able to communicate in advance  
> whether that would be valuable so that people can behave accordingly.  
>  
> Another example is an mp3 download. If used for the purposes of remixing  
> and selling more copies, this is a value added activity. That said the dj



> may have no talent, and thus no audience, and in fact may damage the  
> original song by perhaps making a mockery of it (again this may add value  
> for some, but perhaps not for the artist). In this case one could call the  
> action consumptive and demand payment and permission. The permission after  
> the fact / before the fact issue remains, with the guidance that it not  
> become an obstacle to adding value (perhaps one is assumed talented until  
> proven a hack in this example). The hobbyist remixer may still make an  
> effort, but if no value added one can call this consumption not value add.

>

> In the terms of commerce, when someone does not add value, this is an act of  
> consumption (destruction is also consumption). In my current view, this  
> would require 'payment' and possibly 'permission' and may or may not be  
> characterized as a 'transaction'. This is a complicated matter.

>

> So my point (at long last) is that effort by itself cannot determine reward  
> completely, but in most contexts it would be wise (but optional) to reward  
> pure effort f(time,competence), unless it is consumptive.

>

>

>

>>

>> There are two arguments put forward by Bayle:

>>

>> a) effort is disconnected from value (as viewed by the community, in  
>> context) created, i.e. bad goals, poor skills, missallocation of resources,  
>> bad management, etc. [please intervene if my interpretation is incorrect!].

>> b) if you reward according to efforts (e.g. pay per hour) the community  
>> will force individuals to align efforts with (community's) goals, hence we  
>> have control.

>

> I think the interpretation of effort as Time is perhaps over simplifying the  
> matter. In fact 'effort' is a complicated abstraction that is perhaps too  
> imprecise for usefulness.

>

>

>>

>> I am starting to believe that the secret might probably be something  
>> else.

>> 1) I hope we all agree that the pop singer example (see bellow)  
>> illustrates something ridiculous about our economical system.

>

> No I wouldn't agree. I do think we need to clearly understand what is the  
> value being added. If an engineer invented a gadget that saved each human  
> on earth one hour a day, the leverage to them should be significant. I  
> don't have a problem with the leverage of value added, I only have a problem  
> with 'money' being able to 'make more money' this is a concentration effect  
> that is undesirable.

>

> In this example we do need to break down the value of the pop song. One can  
> revert to market mechanics (it's worth what people pay) but we can temper  
> that with a discussion of inputs. The artist in question has likely put in  
> around 10 to 20 thousand hours into their instrument / art to become skilled  
> enough to put out their art in the first place - all of this is sunk cost.  
> All of that time was at Risk, which gives it more leverage (you could  
> calculate it by thinking about how many artists 'make it' versus those who  
> don't. If you want a robust solution those who die trying would be

> compensated by the one artist who 'makes it' for their 'effort'). Talent is  
> difficult to price but it sort of goes to the percentage who make it  
> calculation. There are of course other costs for production, but as we know  
> distribution is now free.  
>  
> This of course is a cost analysis. One could then take a look at the demand  
> side but this example is challenging. An mp3 does not have productive use  
> (except for the remixer). In this manner it cannot be priced like a lathe  
> or a printing press (value in use). This becomes a personal opinion about  
> how much the music is 'worth'. That said I think all consumers of music  
> would like for the artist to be properly compensated for their efforts and  
> for them to be able to continue to make music. In fact the more enlightened  
> will realize that musical talent is a numbers game and would want to support  
> 'musicians' rather than just the artist in question, knowing that the artist  
> is the result of a filtering function on a huge amount of Risk-Time. Some  
> support indie artists and up and coming artists for this reason.  
>  
> I could go on but I think you get my general direction.  
>  
>>  
>> 2) You convinced me that efforts are not hard-linked to value, and it  
>> gets even worse, because value is contextual, so the same efforts valued in  
>> one context can depreciate in others.  
>> How can we reconcile 1) and 2)? They both seem right, but one contradicts  
>> one choice and the other one the other choice. So we are left with no  
>> choice, but we all know that value and effort MUST be taken into  
>> consideration...  
>> So it is clear that we cannot have a reward formula solely based on value  
>> or solely based on effort.  
>> Can we build a system in which the mad scientist, spending 25h/day in his  
>> lab potentially providing tremendous value to society, but who makes shitty  
>> money, AND the pop singer are properly treated?  
>> hmmm...  
>>  
>> Can we saturate the contribution of the total value produced to the reward  
>> formula and take effort into consideration as well?  
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> rephrasing, can we consider the 'system' required to produce the singular  
> success and compensate the whole system rather than the success - this  
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>

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Kurt Laitner  
Business Architect  
Direct: [780-938-3863](tel:780-938-3863)

Third Meta  
Business Process and Information Management Consulting

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**Touradj Barman <[tbarman@gmail.com](mailto:tbarman@gmail.com)>**

**Wed, Sep 21, 2011 at 3:22 AM**

Reply-To: [pietrust-discuss@googlegroups.com](mailto:pietrust-discuss@googlegroups.com)

To: "pietrust-discuss@googlegroups.com" <[pietrust-discuss@googlegroups.com](mailto:pietrust-discuss@googlegroups.com)>

Hi Kurt,

If I remember correctly, marginal cost going to zero doesn't dictate that price will go to zero. For example, if you're a monopolist, you would set the price higher and capture any surplus above marginal cost for yourself rather than pass it along to the consumer. Alternatively, if you're not a monopolist and are in a perfectly competitive market, you would set price to zero. I could go on, but pricing wasn't my point.

My point is that the total value of something should possibly be seen as the aggregate value it generates for everyone who consumes it. In my example, price was just a proxy for value. So if a song gives tons of people little bits of value, that adds up to be a lot of value generated, rather than averaged to still be little value.

That's why a rock star can create so much value, because it's the sum of lots and lots of relatively little pleasure it gives many, many people.

On Tuesday, September 20, 2011, Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)> wrote:

> Hi Touradj,

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> the concept is sometimes called rival vs non-rival goods or scarce vs abundant goods but the point is that when the marginal cost of production goes to zero the market price should eventually do so as well (or so some economist told me). But it doesn't. We pay 99 cents for a song because that is what steve jobs decided we would pay. this is not even a market price, but it does clear at least in part. songs cost what they do because a scarce economic model is being sustained artificially through property law and corporate enclosure. clearly apples are scarce (-ish) but copies of an mp3 are most certainly not. that said it would be a challenge to put forth a reasonable argument that the artist should therefore not be paid, or as some have proposed should only be paid for 'real work' or when they perform. (Similarly it seems absurd that due to market mechanisms an apple farmer is paid by a grocer less than the cost of raising the apples while the grocer gets the profits of selling them to consumers at much higher prices. The grocer has clearly added value, but so has the farmer.)

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they sell copies a percentage goes to the artist according to some predetermined value equation allowing 'distribution' and 'promotion' to be compensated for. This of course is still just a mechanism for enclosing value more effectively in the age of free copies.

> It is however useful to think of what you would donate to the kickstarter project, and why. This is closer to compensation for value produced than buying an mp3 at street price.

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> --  
> Kurt Laitner  
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> Direct: [780-938-3863](tel:780-938-3863) <tel:[780-938-3863](tel:780-938-3863)>  
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---

**Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)>**

**Wed, Sep 21, 2011 at 10:31 AM**

To: [pietrust-discuss@googlegroups.com](mailto:pietrust-discuss@googlegroups.com)

Cc: Steve Bosserman <[steve.bosserman@gmail.com](mailto:steve.bosserman@gmail.com)>, Bayle Shanks <[bshanks@pietrust.org](mailto:bshanks@pietrust.org)>, Tiberius Brastviceanu <[tiberius.brastviceanu@gmail.com](mailto:tiberius.brastviceanu@gmail.com)>

"My point is that the total value of something should possibly be seen as the aggregate value it generates for everyone who consumes it"

Agreed, leverage in value creation must exist, and the 'value' that is aggregated is contextual and endpoint sensitive (Tiberius may not see the 'value' of the pop star in the same way as the 'value' of the unsung researcher



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**Tiberius Brastaviceanu** <[tiberius.brastaviceanu@gmail.com](mailto:tiberius.brastaviceanu@gmail.com)>

**Sat, Sep 24, 2011 at 10:44 PM**

To: Kurt Laitner <[klaitner@gmail.com](mailto:klaitner@gmail.com)>

Cc: [pietrust-discuss@googlegroups.com](mailto:pietrust-discuss@googlegroups.com), Steve Bosserman <[steve.bosserman@gmail.com](mailto:steve.bosserman@gmail.com)>, Bayle Shanks <[bshanks@pietrust.org](mailto:bshanks@pietrust.org)>

effort ---> value ---> rewards

I want to bring your attention to the fact that within an open enterprise rewards are evaluated within the community, by community members, taking into consideration efforts deployed and an appreciation of the value created, and probably something else. BUT the value of the open enterprise and of its products and services is set by a process external to the open enterprise, it is usually set on a market.

Let's put it PirTrust way: members evaluate contributions to a product-project, by building a piechart. The pie represents the market value of the product. The problem members need to solve is not to evaluate the product that will come out of the project. That is done one the market, it's the external evaluation process. Members need to allocate a percentage of total value to every contribution. This is a **relative evaluation**.

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