

Crypto Community Economics: The Future of Collaboration

In the last few articles, we've described in some detail what we hope to achieve at Xxxxxx and why. In this article, we're going to focus on the practical side of Xxxxxx, how our idea works and how we plan to achieve our vision.

To do that, we'll begin by looking at the basic conceptual building blocks of Xxxxxx and work our way up.

What is Xxxxxx?

Xxxxxx is a distributed team of professionals dedicated to creating an effective user experience for communities to operate effectively in a tokenized economy.

We're not structured like a company. A few companies make up our team - including [Ideas by Nature](#) and [Storyworks](#). We're also a network of communities. The work we focus on is all about empowering communities to make smart decisions about how they grow.

What do we mean by grow?

Growth is measured in relation to anything that the community itself values.

It might be fostering artistic expression among the community's youth. Or it may be enhancing infrastructure to use greener energy technologies.

To achieve this, Xxxxxx is building a set of tools for community-level decision-making and an efficient, low cost process for each of these communities to generate their own local currency.

With those tools, community members can vote on what they'd like to create based on the mission of the community.

Ultimately, communities are the bedrock of Xxxxxx. What we build is a fair, inclusive and non-rivalrous approach to helping communities grow and realize their vision.

Clarifying the key concepts

To dig deeper into how Xxxxxx achieves that, we'll need to explain three concepts: cryptocurrency, community and economy.

What is blockchain and cryptocurrency?

As mentioned above, Xxxxxx is based around a new kind of value storage (like dollars), known as cryptocurrency. Cryptocurrency leverages a technology called **blockchain**.

Blockchain's basic premise is simple. An identical copy of a database (known as a distributed ledger) is shared with every participant (or node) in a network. Participants then collectively establish proof that the data is identical and therefore reliable.

You can read a more in depth description of what a blockchain is [here](#).

Blockchain is simply a system which guarantees information can be trusted.

This has many applications. One crucial application we've discovered is that it can be used to exchange units of value or currency.

This, in a nutshell *is cryptocurrency*.

Why is cryptocurrency important? It gives people more choices and control over how they exchange value with one another.

It doesn't depend on banks. It's reliable and transferrable. It's completely separate from government tender (what economists call [Fiat money](#)).

So, linking this all back to Xxxxxx, here are the key points you should know:

- Xxxxxx allows people without technical knowledge of cryptocurrency to create and use their own digital token.
- Access to this medium of value storage is designed by the creators of the system.
- It is an opt-in model, so there is no requirement for anyone who doesn't want to participate.
- The tokens are transferable, reliable and work independently of centralized currencies.

What is community?

Let's turn now to this notion of community.

A community is a group of people bound by an emotional (associated with values and beliefs) and practical (relating to shared interests and agreed objectives) connection.

At Xxxxxx we believe there's a third dimension to community which is a vital part of what makes communities powerful. Let's take a look at a slightly more [formal](#) definition of community.

A community is **"a group of people with diverse characteristics who are linked by social ties, share common perspectives, and engage in joint action."**

At Xxxxxx, we feel this last point is a crucial ingredient of what makes a community function. There's shared belief, mutual interests *and a collective commitment to taking joint action*.

Understood this way, communities are a powerful convergence of imagination and motivation. They're capable of getting amazing things done.

What is economy?

It's one thing to work with communities to make good decisions. But this is a fairly academic exercise if it's not linked to a system for making change happen. This is where the third link in the chain comes into play—the idea of economy.

This basic definition is a good place to start.

An economy is:

- a system of interaction and exchange
- an efficient and concise use of resources

This gives a sense that it's a system of moving resources between people in an efficient manner. Again, this isn't the whole picture, so here is a more [finance-oriented](#) definition:

“An economy is the large set of interrelated production and consumption activities that aid in determining how scarce resources are allocated. This is also known as an economic system.”

This adds a key important element to understanding what Xxxxxx means when we talk about developing new economic systems—scarcity.

Our goal is to develop better economic tools for communities to make smart decisions about what to do with finite resources.

Why is cryptocurrency relevant for community economics?

To recap, Xxxxxx is about creating shared units of value. This is the cryptocurrency part.

We are also about connecting people who share common perspectives so they can engage in joint action. This is what we mean when we say we work with communities.

Finally, it's about enabling communities to make practical and tangible decisions about what's done with limited resources. Here we tap into the notion of economy.

Changing the relationship between community and economy

Each community on the Xxxxxx platform has its own currency.

While this unit of value works in the same way as fiat currency by creating the foundation for the exchange of goods and services, it has one key difference: It avoids the abstraction of being a generic unit of exchange.

Instead, it [“encapsulates the community's value.”](#)

The community token is the community's property. It was made by and belongs to the people who want to engage in collective action.

How community tokens can be used to make things happen

Community members add to the community fund when they join. This continues to increase as new members join the community and funds earned are recycled into the community.

At this point, the community has a pool of resources.

The community can then join together in collective decision making and a list of potential projects can be considered. It might be renovating a local park. Or it could be installing solar powered lighting on the main street.

Whatever it is, every community member is a participant in the decision. Every voice carries weight in deciding what needs to be done and how.

This is how we feel Xxxxxx can fundamentally change the relationship between community and economy.

Xxxxxx democratizes the process of decision-making within a community. It gives communities a way to decide what they value and how to cultivate its growth.

Ultimately, it brings the power to decide back to the community.