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Fluid p2p normative system and governance

under development… feel free to contribute.

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Goals

The aim of this document is to describe a *fluid* p2p normative system. This builds on peer governance but adds fluidity to the process, i.e. makes the normative system open and dynamic.

Can we apply it to all levels of the fractal OVN?

Fluid p2p governance is essentially peer governance with no universal / fixed code (a body of universal rules like the Ten Commandments), no centralized decision-making process (like an assembly or a parliamentary session) and no centralized punishing mechanism (like the police and the justice system) in case rules are transgressed. In other words, active affiliates/agents of the network don't need to draft a charter (or a set of rules) and go through a group decision making process (voting, consensus, or other) to enact it. This reduces the barrier to formalization.

- The system relies on a dynamic register of norms/rules[1]
- Any active affiliate can propose norms/rules in the register anytime - open
- Any active affiliate can weigh norms/rules and revise his position anytime - dynamic

1. This register of norms/rules can be applied to a specific network or to parts of it, the register can be associated with in a portable agent profile (in the case of decentralized / p2p infrastructures) and dynamically aggregated in context.

The compiled result constitutes an *explicit* normative system which essentially communicates to all active affiliates what behavior is more or less acceptable by all the other affiliates, and gives an idea about the probability to be rewarded or punished by other affiliates. The rewards and the costs come from individual active affiliates, through the Reputation system or through direct actions (which are also in turn regulated by the same normative system). Therefore there is no equivalent of police and of a justice system, there are no centralized mechanisms to enforce and administer justice.

See also the video presentation of this idea, or here.

Other links

OVN Governance on OVN wiki
Sensorica Governance folder
Governance page on OVN wiki
Legal Infrastructure page on Sensorica's website
Peer Governance

Optin Governance

Background

Idea introduced by Tibi in April 2014.

Please help us develop this concept. If you do so, add your name as an author and maintain this section.

Introduction

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See Wikipedia definition of Governance. The starting point is mainly driven by this Wikipedia article.

> **Governance** refers to all processes of *governing*, whether **undertaken by** a government, market or network, whether **over** a family, tribe, formal or informal organization or territory and whether **through** laws, norms, power or language.
>
> It relates to processes and decisions that seek to define actions, grant power and verify performance.
>
> In general terms, governance occurs in three broad ways:
>
> 1. Through **networks** involving public-private partnerships (PPP) or with the collaboration of community organisations;
> 2. Through the use of **market mechanisms** whereby market principles of competition serve to allocate resources while operating under government regulation;
> 3. Through **top-down methods** that primarily involve governments and the state bureaucracy.
>
> "governance" is the concrete **activity that reproduces a formal or informal organization**. If the organization is a **formal one**, governance is primarily about what the relevant "*governing body*" does. If the organization is an **informal one**, such as a market, governance is primarily about the *rules and norms* that guide the relevant activity. Whether the organization is a geo-political entity (nation-state), a corporate entity (business entity), a socio-political entity (chiefdom, tribe, family, etc.), or an informal one, its governance is the way the rules and actions are produced, sustained, and regulated.

There are

- those who participate in governance (undertaken by)
    - using means (through)
- those who are subjects to governance (over)

Some definitions

norms(-social): [see Wikipedia def] a group-held belief about how members should behave in a given context. Sociologists describe norms as informal understandings that govern society's behaviors, while psychologists have adopted a more general definition, recognizing smaller group units, like a team or an office, may also endorse norms separate or in addition to cultural or societal expectations. The psychological definition emphasizes social norms' behavioral component, stating norms have two dimensions: how much behavior is exhibited and how much the group approves of that behavior. Norms running counter to the behaviors of the overarching society or culture may be transmitted and maintained within small subgroups of society. Social norms have a way of maintaining order and organizing groups. See also related to philosophy.

Trends

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Michel Bauwens adheres to Connective Hypothesis, i.e. *The key organizing pattern of our global culture is shifting from a top-down hierarchical pyramid to a distributed, self-organizing network* (open reference).

Theoretical approaches

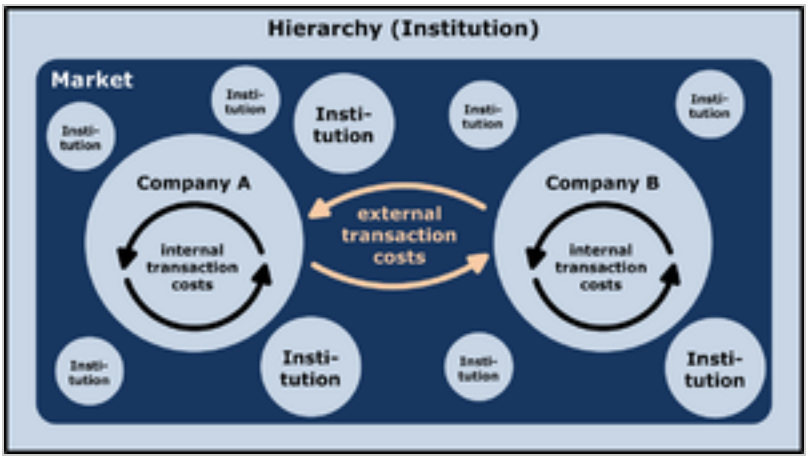
Transaction costs theoretical framework

Please help complete this section

The main concept is that the role of governance is to reduce transaction costs. These transactions can be economic or others.

See Wikipedia page

> In economics and related disciplines, a **transaction cost** is a cost incurred in making an economic exchange (restated: the cost of participating in a market).
> According to Williamson, the determinants of transaction costs are frequency, specificity, uncertainty, limited rationality, and opportunistic behavior.



The pool shows institutions and market as a possible form of organization to coordinate economic transactions. **When the external transaction costs are higher than the internal transaction costs, the company will grow. If the internal transaction costs are higher than the external transaction costs the company will be downsized** by outsourcing, for example.

Add other theoretical approaches

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Peer Governance

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See article on p2p Foundation, the following is a remix from there.

If peer to peer is the relational dynamic at play in distributed networks, and peer production the process whereby common use value is produced, then **peer governance refers to the way peer production is managed**.
[Vasilis Kostakis]...a new mode of governance and bottom-up mode of participative decision-making (...) a way that peer production, the process in which common value is produced, is managed. Peer governance's main characteristics are the

- Equipotentiality, i.e. in a peer project all the participants have an equal ability to contribute — no authority can pre–judge the ability to cooperate, although that not all the participants have the same skills and abilities. Equipotential participants self–select themselves to the section to which they want to contribute
- Heterarchy - projects do not operate in strict hierarchies of command and control, but rather in heterarchies (...) allows for the existence of multiple teams of

participants working simultaneously in a variety of possibly opposing directions. As a form of community, heterarchies are not simply adhocracies, but ad hoc meritocracies which, however, are at risk of transforming themselves into more inflexible hierarchies;

- Holoptism - transparency - i.e. the ability for any part to know the whole, to have horizontal knowledge of what is going on, but also the vertical knowledge concerning the aims of the project . Unlike panoptism (i.e., the way knowledge is distributed in hierarchical projects where only the top of the pyramid has a full view)

The collaboration among the members of the project is geographically dispersed, asynchronous and organized in networks. Moreover, the project is transparent and the dialogues among the participants are recorded, and the materials of the project are subjected to open review. There is a mechanism for institutional history, as well as the setting of a compelling foundational artifact around which the production and the participation will be organized is crucial. So, all these give rise to the formation of a community where the sense of project ownership is wide and decisions are taken by a hybrid political system, premised on meritocracy.

Three levels of governance

Project-level

- The right to fork
- The right to improve
- The right to combine (remix)
- The right to make something compatible with something else

Consequences: The product with the support of the open source community can enjoy assured relevance rather than planned obsolescence. Decayed products can be revived and updated. As long as there is sufficient community interest in a project, forking can allow for constant improvement in software functionality.

Community level

No one person or group has a “magical hold” over a project - fundamental and unconditional right to fork. Forking comes with costs, because it involves a split of the community and can hurt overall productivity. Resources are not split if the fork stays within the same network.

Hijacking occurs when a commercial vendor attempts to privatize a project’s source code/design. While open source companies can be bought, open source communities cannot. Forking provides the community that supports an open source project with a way to spin off their own version of the project in case of such an acquisition.

Given that forking ensures that any project can continue as long as there is sufficient community interest, forking has been described as the “invisible hand of sustainability” in open source software.

Commonly, forking occurs due to a community’s desire to create different functionality or focus the project in a new direction. Such forks are based on a difference in requirements or focus, rather than a distrust of the project leaders. When they address disparate community needs, different versions can prosper.

Forking cannot be prevented by business models or governance systems. The key lies in appropriate resource allocation and careful community management. Managers must strike a delicate balance between providing a driving force while appeasing and unifying the community.

Business-ecosystem level

Open source is a darwinian environment - only the fittest designs survive.
The right to fork means that competitors can copy each other; thus, competitive advantage cannot depend on the quality of the code alone. Not to forget issues regarding trademarks, brand value and recognition, as well as the existing developer and user base of the original product.
While the right to fork may seem to make for a harsh business environment, open source companies can and do thrive. Forking lays the building blocks for innovators to introduce new functionalities into the market, and the plethora of online forges have hundreds of thousands of programs/products available for forking and reuse in any new, creative way the user can imagine, allowing for the rapid adaptation to the needs of end users. Hence, the practice of forking allows for the development of a robust, responsive economic ecosystem that is able to meet an abundance of demands.

To allow virtual communities to work properly, three important governance problems have to be dealt with:

• **Attention governance**: we must attract a considerable number of users, reduce the risk of premature convergence and enable sufficient exploration of the search space by countervailing the influences of informational pressure, social pressure and common knowledge;

• **Participation governance**: we must retain a critical mass of motivated diverse users, and provide them with support and incentives for evidence-based reasoning as well as the sharing of unique personal knowledge;

• **Community governance**: we must identify the rules and the organizational structures of the community in terms of the process and roles that enable attention governance and effective participation.

Some open source projects use benevolent dictatorships or different forms of dynamic hierarchies. See more on p2pFoundation/Peer Governance.

Mapping peer governance onto Sensorica and the OVN model

Sensorica and the OVN structure are fully compatible with peer governance, as presented on p2pFoudation, as shown below. Fluid p2p governance builds on top of (is an extension of) *peer governance*.

Sensorica is an OVN (open value network), an instantiation of a *commons-based peer production* system. It is an informal organization with different kinds of legal structures (Custodian, Exchange firm, etc.) set up at the periphery of the network.

Equipotentiality applies to Sensorica as **projects are open** (apart from a recent [April 2014], experimental initiative introduced by Ivan, which is essentially closed - new participants are invited), meaning that anyone can add value in projects without permissions. If adding value requires the use of material assets that are sensitive to manipulation or dangerous, access to these resources requires credentials provided by the community (see Physical resource governance). **Holoptism** applies to Sensorica as **products and processes are transparent**.

Meritocracy is embodied by the Reputation system and the Role system.

At the beginning of 2014 sensoricans were conscious about 3 structural levels:

- **technical (or project) level**, where activities are organized around research and development.
- **open enterprise level**, where activities are organized around distribution/commercialization of open source products
- **network level**, where activities are organized around sustainability of the entire economic ecosystem

A fourth level, **network of networks** has been proposed early (as soon as 2011), but it only started to materialize in early 2014. Theoretical development has been done under the Open Alliance banner.

What is the play between *networks*, *market mechanisms* and *top-down methods* in OVNs? Is this play level-dependent?

Description of *fluid* p2p governance

At every level of organization of the OVN (seen as a fractal structure) we have norms and rules that structure different kinds of processes.

If we model the OVN as a living system, as advocated by Tibi, these processes can be mapped onto the system's architecture. Yasir has developed an alternative view of the OVN model, which takes a business/economical approach and defines these processes in a very different way. Others might propose something else in the future.

The *fluid* qualificatif of this system of governance refers to the fact that

- norms are continuously proposed by affiliates, and
- affiliates continuously and publicly adjust their level of adherence to them

Norms become explicit in this system, they become rules.

This system can be easily implemented by publishing a list of norms/rules.

This register of norms/rules can be created for a specific network. In this case, access to propose a new norm or rule is governed by the governance equation. Norms/rules can be remixed.

Anytime there is a change in the list, affiliates are called to reassess their adherence to every norm/rule.

One possibility is to limit the number of norms/rules an affiliate can adhere to, so that affiliates deploy some effort weighing all of them. Suppose that the total number of norms/rules one can adhere to is X, every affiliate is asked to provide a list of X among all the proposed norms/rules, in order of importance.

Another possibility is to ask affiliates to rate norms/rules from 0 to Y.

Adherence to a norm/rule can be public/transparent, i.e. all affiliates have access to the identity of those who have adhered to a given norm/rule, or not. Empirical data is needed to assess the pros and cons of each possibility.

Affiliates can revise their position any time.

All data is compiled and made public.

The list of norms/rules can be dynamically aggregated in context from individual lists, and be part of a portable agent profile (see agent profile development @ OuiShare Fest 2014).

This normative system gains its stability statistically, when enough affiliates participate in it.

The major difference between this governance system and traditional ones is that in the case of a ***fluid* p2p normative system norms are understood as information about what type of behavior network members will tolerate more or less**. Norms are not seen as universal laws, i.e. are not seen as hard barriers raised in front of individuals by a governance body (government) and administered by centralized punishment mechanisms (judicial system and police). Within the *Fluid p2p normative system* framework rules are seen as prone to be

transgressed by nature, which is a more realistic view. The system provides information about the possible rewards or costs of actions that respect or go against norms/rules. These rewards or costs come from every other individual, especially from those who have expressed a high sensitivity to the norms/rules in cause. Some norms/rules present less rewards or costs, in which case the system is more neutral or permissive.

Network affiliates naturally transgress norms/rules from time to time, which adds more flexibility to the system.

Any affiliate can publish an act of rule transgression about other affiliates. A public debate can follow and all the parties can argue to establish the facts. The punishing action doesn't come from a centralized body that "administers justice", but rather from every other affiliate who is aware of the situation. Although a more drastic punishment mechanism goes through the Reputation system which might be directly connected to the *contribution accounting system* and directly affect the ability to extract tangible benefits from the network.

This *normative system* can be merged with the *values system* (as in moral/ethical values) into one. A statement of values, or the ethos of an organization can also take the form of a list that is rated by the community. This norms register communicates norms which define positively rewarded behavior by the network affiliates. This list is a positive one, which can be complemented by a negative list sending information about behavior that will incur costs within the community.

Unexpected consequences of behavior are also possible, depending on every individual affiliate.

Advantages

Fluid p2p governance lowers the barrier to formalization, because it makes formalization a continuous, emergent process. Moreover, this new form of governance is more inclusive, because new affiliates can directly propose new rules.

Disadvantages

It might be volatile for communities with low membership numbers, but in these cases informal governance plays a more important stabilizing role.
The following potential disadvantages are not arguments for rigid bureaucratic governance, but for careful discussion of rule changes:

- Changes in rules can have unforeseen side effects. (Rules program behavior; changes can create bugs.)

- Inclusion of one organization inside another (as in networks of networks, or projects within projects, etc.) can create incompatible rules, either upon inclusion, or later when one or another layer of the onion changes their rules.
- Rule changes can be symptoms of power struggles. (This is not a disadvantage of fluid organizations per se, but of organizational politics, an ever-present fact of life. But it is not clear how different degrees of fluidity, or constraints on fluidity, will play into them.)