

University of Chicago Law School

Chicago Unbound

Coase-Sandor Working Paper Series in Law and
Economics

Working Papers

2019

RadicalxChange: An Academic Agenda

E. Glen Weyl

Follow this and additional works at: https://chicagounbound.uchicago.edu/law_and_economics_wp



Part of the [Law Commons](#)

Chicago Unbound includes both works in progress and final versions of articles. Please be aware that a more recent version of this article may be available on Chicago Unbound, SSRN or elsewhere.

RadicalxChange: An Academic Agenda

By E. Glen Weyl

January 2019

Prepared for University of Chicago Law School Symposium on “Radical Markets”

Abstract

Radical Markets was, for me, less an academic or even popular book than attempt to launch a social movement. Its success in doing so makes the most fruitful academic response likely somewhat different than for other books. In this piece I discuss some of the most productive avenues I see for general academic development around the growing RadicalxChange movement and highlight several specific problems to which I think economic, legal and other academics could fruitfully contribute.

Radical Markets: Uprooting Capitalism and Democracy for a Just Society is an unusual book in many senses. An academic conference on such an unusual book will itself be a bit odd, even awkward. To embrace rather than shy away from this, I am offering an unusual response to the excellent contributions to the symposium. Rather than respond directly to the pieces, I am instead taking the opportunity to layout some of the ways in which the book and the response to it have been unusual and use this to highlight what I see as some of the most productive channels for academics interested in engaging with and building on the material to do so. My hope is that these thoughts can be useful in helping to build the growing Ideas and Research track of the RadicalxChange movement that has emerged in response to the book. I have every reason to believe that Eric’s perspective on and goals for the book where quite different from mine, so in what I write I speak for myself (and perhaps, to some extent, for the RadicalxChange movement) alone.

Intentions and outcomes of the book

Radical Markets is a popular economics book more heavily influenced by relatively obscure economic theory than any I can remember recently. It is a work of political philosophy deeply concerned with entrepreneurship, the practicalities of contemporary politics and economic trade-offs. Much of it is legal and institutional history, yet it imagines institutions that diverge sharply from the familiar. It is, to my knowledge, the first attempt to use approximately optimal mechanisms to ground a broad social philosophy, and yet it justifies this philosophy by reference to a range of values usually absent from mechanism design theory. Each chapter opens with a science fiction vignette, and yet many of the policies the book advocates are live issues in corporations and governments around the world. In other words, *Radical Markets* was a strange beast.

More than anything, for me, the book was intended to be the spur for a social movement and as such, if successful, the book itself was more a step on a journey towards that rather than a final product. And, perhaps predictably given this, the book met with mixed success along standard metrics. While most reviews were favorable, they also mostly saw the book as pie-in-the-sky and it was largely ignored by most of the mainstream press. It sold reasonably well for an academic crossover, but it was not even close to the sort of popular phenomenon that books like *Freakonomics* or *Capital in the Twenty-First Century* were. And, as the submissions to this conference mostly reflects, its average reception among academics (particularly in the conservative fields from which Eric and I hail) was quite mixed: intrigued, for the most part, but largely dismissive and disengaged.

And yet, measured in terms of my primary goal, the book succeeded beyond my wildest dreams. This was, as indicated by the discussion above, decidedly *not* because of mass appeal. Instead, there were several intense communities of interest that dived deeply into the book and built community around it. The most prominent of these is the blockchain community, where sentiment analysis indicates that the book has become a central narrative and where, at the most important conference in the area, participants sang a song about the book in early November.¹

Yet while the blockchain movement has become a motive force, many other (though sometimes overlapping) communities of interest have emerged. Students at many of the dozens of universities I have spoken at have started campus groups around the ideas. While most, especially more-established, academics have reacted skeptically, a passionate younger generation of graduate students and some more established thinkers have responded enthusiastically. European economists and technocrats, always skeptical of existing economics structures but steeped in economic theory, have been quite enthusiastic. While the general popular reception of the book has been tepid, one of the ideas (Data as Labor) has exploded in the popular imagination (though only occasionally linked to the book) and has become a central policy frame. More broadly, in several areas and countries, policymakers and political leaders have engaged seriously with the ideas and I have been involved in a range of consulting activities thereabout. Several kinds of artists found the combination of political ambition with science fictive imagination in the book empowering and are working on projects around the book.

Most tangibly, based on my best attempt to track it, several billion dollars of capital have been invested into start-up and corporate projects around ideas in the book and ideas building closely on it and probably a hundred start-ups have formed or pivoted around ideas from the book. About half of this activity is within the blockchain space, but much of it stretches well beyond. At the same time, as of this writing, I know of almost a hundred local organizations with on average a couple dozen members each that have formed in the few months around the “RadicalxChange” (RxC henceforth) movement (more on this shortly). To help catalyze interaction and coordination between these various elements, in August I created a non-profit RxC Foundation, for which roughly fifty people around the world currently volunteer ten or more hours of their time each week helping to coordinate activities and build towards a conference in March in Detroit.

Reflecting these sources of interest, the RxC Foundation/movement has four “tracks”: Ideas and Research, Entrepreneurship and Technology, Arts and Communications and Activism and Government. Clearly the track most aligned with the present event is Ideas and Research, which comprises mostly academics, as well as some public intellectuals, though from a significantly broader

¹ Gaúcho Pereira, Felipe “[Visions of Ether](#)” *Token Economy* (Medium), November 16, 2018.

range of fields that are represented in the present symposium. The chair of that track is historian Ananya Chakravarti, whose contribution to this conference is somewhat representative of the excellent work beginning to come out of that trajectory.

Potential for academic contributions to the movement

Being a social movement rather than a specific policy proposal, an academic theory, a model or other usual object of academic discourse, RxC may at first be disorienting for academics to engage with. Such movements often elicit, in their early stages, academic engagement that ends up being relatively unproductive both for the academics who produce it and for the movement to which it responds. There are many historical examples, but most illuminating recently is blockchain.

During its early years (2009-2014), there was limited engagement beyond simple dismissal from most of the academy (computer science and cryptography were something of an exception to which I return below). Let me be clear, I was personally very much in that camp. As the prominence of the movement grew (2014-2016), the attitude turned from dismissal to attempts to prove why blockchain was either evil or could never succeed. Once the movement achieved an outpouring of success (2017-2018), institutions have now begun to spring up within academia showing why the success of blockchain was inevitable and/or taking its prominence for granted and studying various properties or potentials of it.

While perfectly reasonable academic work, this sort of engagement undermines the chance for academics to be agents for positive social change: to influence blockchain in a positive direction, to contribute to its development or to correct its weaknesses. This latter sort of engagement is actually very common in computer science and engineering academic fields, but not much, at least for such bold and innovative movements, in economics, sociology, law, and other broadly social scientific fields.

This follows from a broader social trend that we briefly discuss in *Radical Markets*, namely that radical technological innovation is widely praised and accepted in our culture, but radical social innovation is not. I believe this set of attitudes has had quite dire social consequences, leading to extreme imbalances that are dangerous to social stability. This concern seems to be broadly shared by the blockchain movement, which has focused far more on social technology, organization and centralization as a social principle than on its specific technological substrate. A dedication to the importance of radical social change, treated as a technology grounded in cutting edge social science, is at the core of RxC. This makes engagement by social scientists and even the emergence of a field of social technology crucial to the movement.

I also submit that that RxC offers a unique opportunity to social scientists that should attract their engagement. In particular, the typical opportunity that social scientists and legal scholars have to impact public policy come in the form of what Alvin Roth has called “whispering in the ear of princes”: quietly and in technocratic language, poorly understood by the broad public, giving advice to functionaries and the organs of power.² This is naturally worrying to those among us who believe in democracy and are skeptical of princes, as it tends to naturally place social scientists in a structural role that runs against at least populist politics and perhaps democracy (as opposed to technocracy)

² Roth, Alvin E. “Laboratory Experimentation in Economics”, *Economics and Philosophy* 2: 245-273.

more broadly. This role is, however, relatively new: the political economists of the nineteenth century and even thinkers like Friedrich Hayek and Milton Friedman engaged heavily with the public and played critical roles in creating social movements. RxC offers an opportunity and pathway for social scientists and social theorists interested in engaging in such a democratic spirit to “match” with other social forces interested in hearing from and working with them to reimagine the basis of legitimacy.

So, let’s for the moment imagine you are an academic social scientist or theorist interested in engaging with, contributing to and harnessing the RxC movement. What are some ways you might be able to engage through your academic work? In fact, there are dozens of productive channels and I will do my best to summarize a few here.

The most obvious direction, and one I will dwell on at some length below, is to participate in filling the endless list of lacunae that exist in the RxC paradigm. The majority of ideas I now discuss in my talks did not appear in the book and I today think about half of the book was off or missing important elements. As many of the contributors to this symposium have highlighted, RxC is a reasonably novel set of ideas viewed as a broad paradigm and there are many design questions yet to be addressed that social scientists and theorists have much to add to.

Yet there are many other ways to usefully contribute, some modeled by contributions to this symposium. For example, Ananya’s contribution shows how the paradigm can be articulated and within an academic field (history in her case) in a manner that allows the movement to gain from historian’s insights, analogies and the historical experience with alternative institutions that can help us learn which ideas in what forms are likely to succeed. Another, related effort is to extend the set of disciplinary, philosophical and cultural languages in which RxC and related ideas can be expressed and analyzed, towards which Lily, Salome and Zoë’s piece makes an important contribution. Identifying new applications, especially ones that are ripe for sympathetic, small-scale and vivid experimentation is another important area, one to which Daniel contributes in this symposium and which Simon de la Rouviere has been one of the most useful contributors.³ A final crucial area that sympathetic social scientists and theorists can contribute is important problems that seem ripe for an RxC approach that are not addressed by existing ideas, as Lee does in her contribution with the issue of geographic spillovers and zoning.

Another crucial category of contribution, perhaps better suited to those who are not yet fully sold on the paradigm, is identifying novel potential failure modes of these mechanism and, most helpfully, identifying potential patches for these failure modes. Vitalik Buterin and other leaders in the blockchain community have made particularly valuable contributions on this front.⁴ An additional avenue for only modestly sympathetic participants to contribute is to highlight area where even the small-scale experimentation planned is likely to be disastrous or tarnishing to the project in ways that may not be clear. Jaron Lanier has been quite useful in this regard. A final area that requires little buy-in to the framework is clarifying and testing the scope conditions for the ideas to be worth implementing or that determine the optimal setting of various policy parameters, much as Charlotte, Daniel and Karine’s and Katrina’s papers do.

Might even those who really dislike the whole paradigm still have something to add? Clear, distinct alternative paradigms of the scope and ambition of RxC have been extremely valuable to the

³ De la Rouviere, Simon, “[Radical Markets in the Arts](#)”, *Medium*, October 21, 2018.

⁴ Buterin, Vitalik, “[On Radical Markets](#)”, April 20, 2018.

movement, as they provide sharply articulated alternatives positions to argue against. I have been writing a series of “Why I am not an X” blog posts for the RxC blog and in these I usually focus on a specific thinker who exemplifies a school of thought or has a particularly coherent ideology. Most of these have not arisen from the academic world, but the work of the Niskanen Center in the capitalist center, on the right of reactionaries such as Curtis Yarvin and nationalists such as Julius Krien and on the left of the statist school articulated by Matthew Bruenig. While all of these are in different ways antithetical to the RxC worldview, have been extremely useful foils and sparring partners for RxC ideas. They have clarified the intellectual terrain and the feasible clear alternatives to the RxC paradigm. There are probably academic contributors who could offer clearer or more fully articulated versions of these visions.

Some important open questions

Let me conclude with a focus on what I see as the most extensive and clearest place I see an opportunity for academic contributions: building on and filling the endless gaps in the RxC paradigm. As with any new approach, we are only at the very start of understanding the contours of how these ideas should be worked out and applied in different areas of society. Within the proposals in the book, there are numerous issues, from the micro to the macro, yet to be worked out. A simple list seems the most straightforward way to proceed:

- Is there some way for citizens to reveal in a reasonably incentive compatible way the time-to-eviction in the COST? Are there significant inefficiencies created by the inability to reveal this or does the persistence created by partial perpetual property rights mostly account for this issue?
- How can we deal with debt and bankruptcy effectively in the COST? Is forced refinancing really the answer?
- Are there superior mechanisms for revealing complementarities within the COST other than simple self-bundling? Can self-bundling facilitate the exercise of monopoly power based on large assemblies of assets that are used to block credit-constrained potential purchasers?
- Is there a self-revealing way to allow inspection periods? Are inspection periods even necessary?
- What would happen to the financial system if the COST were implemented? To what extent would debt continue to exist? Would stock markets and the like be needed or would they be directly replaced by the COST system? Would bubbles and speculation be significantly mitigated?
- What is a good way to represent substitutable preferences rather than complementary ones within a COST system?
- How should the COST revenue be divided? The formula in the book is completely arbitrary. Given that much control over assets is likely to be partly collective, likely the distribution of revenue across different collectives should be roughly in proportion to the chance of their being the efficient purchasers, but is not clear how to operationalize this. And should this be implemented by a single global COST system or a series of hierarchical leases that could allow for increasing restrictions on use to deal with e.g. spillovers?

- How finely should tax rates be set to match different asset class properties? And what should happen when different assets with different properties are bundled together?
- Is there a satisfactory, petition-based agenda-setting mechanism for QV that can largely avoid the problem of strategic agenda manipulation?
- To what extent can the uniqueness of identity necessary for QV and other voting systems be established without requiring a central credentialing authority?
- When communities have extra-system means to coordinate (using social pressure, norms, religion, etc.) how (if at all) should QV be adjusted to avoid its “solving the free rider problem too well” by allowing coordinated groups more power than uncoordinated ones?
- How do partly common values settings compose with partial private values in their effect on the values of QV?
- What is the optimal representative system based on QV? Are there self-revealing indicators of the optimum, in the spirit of Liquid Democracy? Or are there too many spillovers in terms of common values information acquisition?
- How should deliberation and prediction markets most effectively be combined with QV?

Yet many of the most interesting questions, the broader ones of social philosophy, build not just on the book *per se*, but instead on ideas developed by the movement since, in particular the idea of “Liberal Radicalism” (LR) that I developed with Vitalik and Zoë.⁵ This builds on QV to develop a system of optimal matching funds for public good provision that suggests a system in which traditional forms of organization, like corporations and governments, could be replaced by voluntary/charitable organizations funded with matching funds provided by revenues from e.g. a COST. Such a system opens a wide range of possibilities:

- What would a system of insurance based on LR look like? It seems it would overcome selection issues, but there would be no need for it to be a single payer system either as different citizens could select into different insurance contracts.
- What would replace a system of nation states in a LR world? Could there be a variety of organizations that control assets in a hierarchically related way and trade them under different versions of COST at different levels of this hierarchy? What rules would efficiently be provided at each level?
- Would most goods be consumed as some form of public good under LR? Would even the family be operated through LR?
- Can a truly efficient public goods mechanism like LR be used to move beyond a purely individualistic conception of morality? Can it create a duality between communities/groups and individuals?
- What would migration look like in an LR world, how does this relate to the VIP system and how does the LR vision change how we should think about the VIP? If there are no nations, do different jurisdictions simply choose their own rules of inclusion/exclusion and simply must pay a price on this to the rest of the world through the COST?
- Can LR entirely eliminate by outcompeting monopolies? Or does a role remain for antitrust and countervailing power?

⁵ Buterin, Vitalik, Hitzig, Zoë and E. Glen Weyl, “[Liberal Radicalism](#)”, December 2018.

These are obviously challenging and often very broad questions, and some of them are a bit “inside baseball” in the sense that they may not be easy to fully parse without some familiarity with the relevant ideas. They are also a very small subset of the relevant questions. But I believe all are critical to the development of the paradigm, and given how much these ideas are being applied, even a reasonable first pass at any of these could have a quite significant impact on the development of RxC and its applications. I hope some academics will have an interest in engaging these questions, which we could very much use answers.