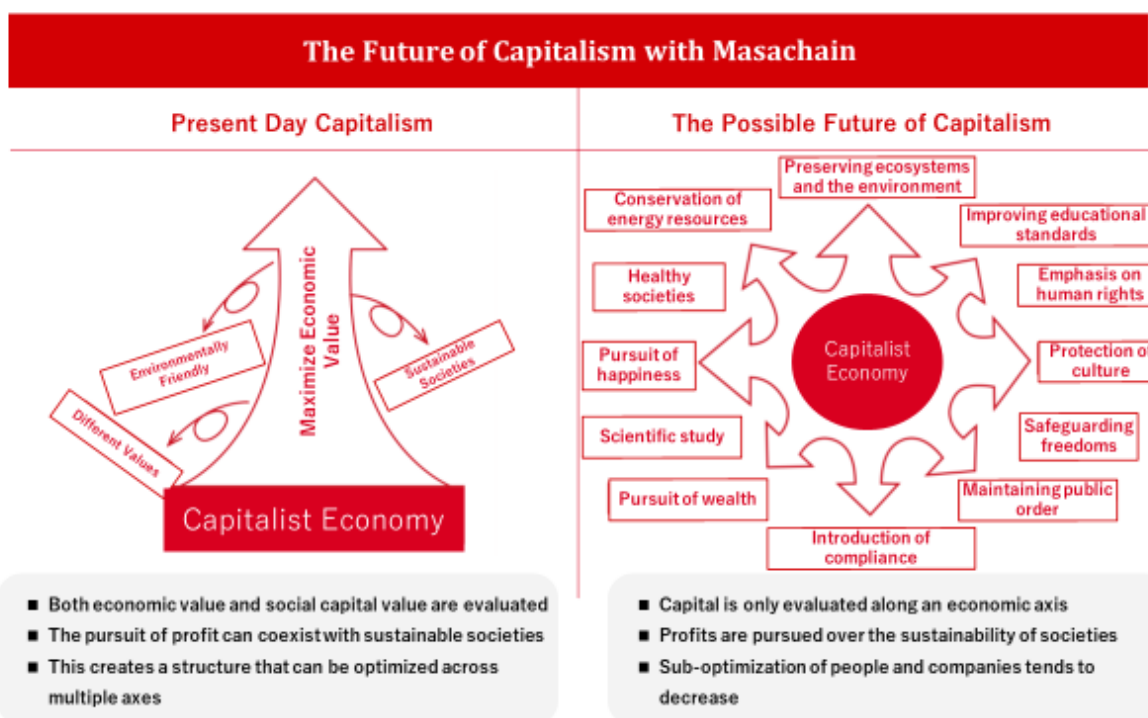# Masachain Concept Paper

**A new project to make social capital visible on the blockchain**

Project Outline

In this paper, Chaintope will present "Masachain", a concept for creating a token economy that allows social capital to be visualized. Through the visualization of people's positive feelings such as "gratitude", "empathy" and "support", Masachain aims to create new coexisting social and economic systems that possess new measures that can help modern societies evaluate value that cannot be expressed economically. Chaintope has been conducting research towards the blockchain implementation of this project from both a technical development viewpoint, and a sociological viewpoint since 2017.

The "Masa" in Masachain comes from the Japanese character "正" (*masa*), meaning, "positive" or "correct". As its name suggests, Masachain hopes to handle the morally "positive" relationships and actions of all kinds of people while using blockchain technology to make sure that this data is "correctly" recorded without forgery or falsification.

As an outline of the development schedule moving forward, the current prototype of Masachain is entering the mid stages of its development is expected to be completed in early spring 2019. Following this, proof of concept testing aimed at identifying the practical issues associated with implementation will be performed at universities in 5 countries with a predicted scale of around 10,000 users.



**The Future of Capitalism with Masachain**

**Present Day Capitalism**

Maximize Economic Value

Environmentally Friendly

Sustainable Societies

Different Values

Capitalist Economy

**The Possible Future of Capitalism**

Preserving ecosystems and the environment

Conservation of energy resources

Improving educational standards

Healthy societies

Emphasis on human rights

Pursuit of happiness

Capitalist Economy

Protection of culture

Scientific study

Safeguarding freedoms

Pursuit of wealth

Maintaining public order

Introduction of compliance

- Both economic value and social capital value are evaluated
- The pursuit of profit can coexist with sustainable societies
- This creates a structure that can be optimized across multiple axes

- Capital is only evaluated along an economic axis
- Profits are pursued over the sustainability of societies
- Sub-optimization of people and companies tends to decrease

Present day capitalist societies are troubled by numerous inequalities and can often lead to institutional fatigue. By implementing Masachain within these societies, we believe that we can move capitalism towards a new, more beneficial paradigm.
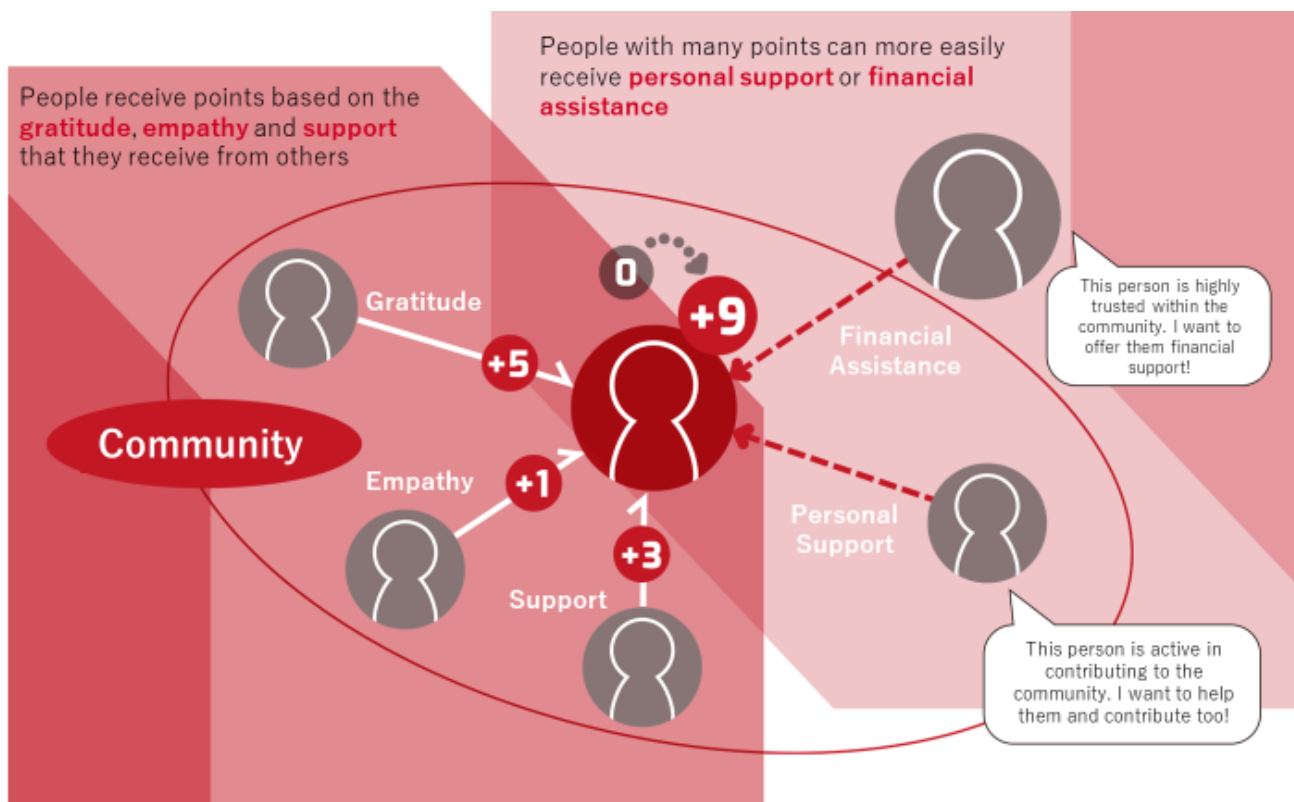
## Project Background

The concept of social capital came from the desire to study the economy and how it works by treating things that have an effect on economies but whose value is difficult to consider in monetary terms as a type of capital. Social capital is especially concerned with treating the relationships between people and others, and between people and society as a form of capital.

In general, regions that have abundant social capital experience a number of favorable social and economic effects including but not limited to: increased political participation, improvements in the effects of children's education, improvements in public order, expansion of local economies, improvements in the health of local residents, and a number other positive economic and societal effects.

Until now, directly recording social capital in a consensus-based way has been thought of as technically impossible. However, during our efforts at Chaintope to conduct research and development into fundamental blockchain technologies, we realized that through the creation of a token economy, social capital can be directly recorded and visualized, changing the world for the better. For this reason, we have been working on Masachain since last year and have determined the structure of its design.

Masachain aims to look at things from a fresh new viewpoint and use the viewpoint of social capital to shine a light on people and concepts in society that have traditionally been overlooked due to the fact that they are not economically profitable.

In addition, Masachain will be constructed so that it is more beneficial for participants to follow the norms of a community than to not follow them.

Through this, we expect that actions that follow these norms will be encouraged and will therefore increase. If positive behavior can be brought out of everyone as a result of each individual's rational decision making, then a high level of trust will be able to be guaranteed.

## How Masachain allows social capital to be visualized

Using the Masachain app, the users of Masachain will be able to act as part of a community and exchange feelings such as "gratitude", "empathy" and "support" that become the basis for trust relationships between people. The history of these exchanges is then recorded as social capital on Masachain.

This will allow us to realize a system wherein the relationships of a person and the people around them gradually become visible through the continued accumulation of actions performed with "gratitude", "empathy" and "support" in mind as well as the action of voicing support for others.

As a result, actions that deviate from normative morals will be suppressed, the costs incurred by doubting other people will be removed and the effectiveness of societies will overall be improved. We will be able to create a future where, by verifying the trust accumulated through the people's positive acts, it will become possible for example, for people to find like-minded and trustworthy business partners without having to expend large amounts of time, effort or money in order to do so.

## Defining "Positivity"

Although Masachain aims to visualize and therefore help bring out people's "positive" actions and therefore realize more effective societies, what exactly constitutes a "positive action" may vary based on location, culture, viewpoint or a number of other factors.

For this reason, Masachain aims to begin a global discussion concerning the desired state of positive social capital that can help make societies more effective.

Initially, we will attempt to define the norms of Masachain based on 2 viewpoints: the "gratitude", "empathy" and "support" received from others due to societal commitments, and contributions towards sustainable development goals (SDGs*). In the future however, anyone will be able to define the type of social capital and Masachain will be able to evolve as the social capital it handles changes.

## The Future with Masachain

Using these functions, Masachain will make it possible to record positive social capital on the blockchain and will help promote various economic and social activities within a variety of different sectors.

The trust that is accumulated through each person's everyday actions will be able to be used as backing to help support those who want to undertake new challenges. Furthermore, others in support of these people can gather, ideas will take shape and happiness can be brought to all the surrounding people. As a result of this, a virtuous cycle that creates new value will occur, enriching the lives of people around the world.

## Masachain Implementation Strategy and Development Tasks

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|---|---|
| End of October 2018 | Concept paper published<br>◎Started recruiting Masachain contributors |
| 2019<br>Jan - Apr | Prototype completion |
| Apr - Jun | Proof of concept tests |
| Jul - Oct | Feedback and development |
| November | Beta version release |

We are currently looking for team members to help advance the Masachain project with us
We believe that Masachain is project of immense public interest to societies. Currently, this project is being driven primarily by the members of Japanese blockchain developer Chaintope. However, in the future, we believe that in the future Masachain should be overseen by an independent body that is separate from Chaintope. Therefore, the support of others is vital in making this project a success. We would be especially grateful to hear the thoughts and ideas of anyone who can work together with us as a Masachain project member, anyone who can offer feedback as an expert within various academic or technical fields or anyone who would like to implement Masachain within communities or projects that they are involved in.

For any enquiries about Masachain contact us at:
info@chaintope.com

(*) The Sustainable Development Goals (SDGs) are a list of international goals for 2016 to 2030 from the 2030 International Agenda for Sustainable Development. These goals were unanimously adopted by all nations at a UN Summit in September 2015. These 17 goals are composed of 169 targets for realizing a sustainable world, and aim to fight poverty while ensuring that no one is left behind

"The 2030 Agenda for Sustainable Development" - Ministry of Foreign Affairs of Japan
https://www.mofa.go.jp/policy/oda/page22e_000793.html
"JAPAN SDGs Action Platform" (Japanese)
https://www.mofa.go.jp/mofaj/gaiko/oda/sdgs/about/index.html