How Pseudonymity Can Foster Innovations in the Modern Age



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It may sound impractical and too good to be true, but pseudonymity is possible — and it has been exercised to some extent for some time. Benjamin Franklin took on the pen name Mrs. Silence Dogood after he was denied publication by *The New-England Courant* — and was quickly published. John le Carré published his novel *Call for the Dead* under the name David John Moore Cornwell for an impressive reason. He could not use his name as a book author while he was an MI-5 agent. JK Rowling of the Harry Potter series fame wrote *The Cuckoo's Calling* under the pseudonym Robert Galbraith to publish a new work without the hype and expectations.

The hundreds of millions of Reddit users are also mostly pseudonymous. Many on social media use pseudonyms especially the so-called “alter ego” and parody accounts. While some may say they contribute to social media junk and confusion, this is not enough reason to invalidate the entertainment and wisdom shared by famous parody accounts like Twitter’s @thetweetofgod.

An ongoing movement

“Pseudonymity is where society is going,” says serial entrepreneur and angel investor Balaji Srinivasan, who also suggests that it is something people should want and learn to build. In his presentation for the Cryptocurrency and Hayek Conference hosted by Coin Center and the Mercatus Center at George Mason University, Srinivasan used, as an example, the support for multiple accounts in online services such as Google, which allow users to create and maintain separate accounts for their personal, professional and other activities.

Pseudonymity also exists in the economic aspect with consumers and businesses maintaining different accounts in specific online stores, marketplaces, online wallets and digital currencies. There are also consumer accounts used to rate and review products and services.

“The pseudonymous economy is the foundation for muscular classical liberalism that is capable of standing up in today’s information environment,” explains Srinivasan, who was formerly the Chief Technology Officer of Coinbase and former general partner at Andreessen Horowitz.

There is already a developing infrastructure that allows people to be pseudonymous as they interact with businesses and other consumers. Even those who do online selling through social media or marketplace platforms tend to use pseudonyms instead of putting out their real names as they promote their

products. They create separate accounts or identities on Facebook or Instagram for their business activities.

Moreover, Srinivasan considers pseudonymity as an essential factor in decentralization because it enables users to choose the identity they want to present instead of being stuck with something that has been given to them. This means that identities cannot be leveraged against individuals.

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The rise of avatars and extreme filters

To be clear, pseudonymity does not equate to anonymity. It is not about creating a temporary or disposable account with fake details that should not be traceable or "doxable." However, it would be difficult to be pseudonymous when you are required to show your face like when you're doing live selling, vlogging, or an online show on apps like Livit and Showroom.

Creepy and weird as it may sound, but there is already a solution for this through real-time filters. DJs of DeFi is an example of how pseudonymous identities are used to personify decentralized technologies during live-streamed podcasts and teleconferences. Similar to the concept of masked DJs – who are known more through their music than their actual identity – the concept behind DJs of DeFi is to help technology entrepreneurs discuss ideas and passion without the burden of bias.

On the extreme side, there are apps capable of changing the faces of people shown on video. Case in point: Douyu, China's equivalent of the Twitch app, has a filter that can turn someone in their 50s or older into a teenager or adolescent. This extreme filter made some news when a glitch in the app

showed the real face of a “young” vlogger who was actually a 58-year-old woman.

Srinivasan demonstrated in his conference presentation a VR and AI avatar that is not only capable of covering the face and changing the voice of a user. It can actually show a realistic face of a different person who can speak in sync with what the user is saying but with a different voice and accent.

“Zoom is 2021. But by 2030, you may not use your real face, voice, language or accent online,” Srinivasan said in his presentation. Current video chat apps have filters, but future ones may have the technology to replace people’s faces, voices and accents to enable complete pseudonymity.

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Towards a pseudonymous economy and better society

Srinivasan summarized the superiority of pseudonymity by saying that “real names weren’t built for the internet. They reveal too much and too little.” How is this so?

Real names allow family, friends, acquaintances and others to identify someone by matching the name to other data such as photos, profile details included in social media accounts or other accounts. However, real names are rarely unique. They can have dozens, hundreds or even thousands of matches with other real names or real people. There is no oxymoron here, as real names can in fact reveal too much and too little at the same time in that context.

Meanwhile, pseudonyms can be unique and can be used to transfer wealth and reputation. Online shopper/seller and payment accounts make it possible to move funds from one user to another and build up trust or reputation through the rating

and review systems in marketplaces.

Similarly, pseudonyms can be used to personify business ideas like what the DJs of DeFi project mentioned earlier is designed to do. The DJs of DeFi team have launched their CDzExchange platform for cross-chain derivatives exchange – with the help of avatars to focus on the merit of their innovations rather than the personalities of the founders. This allowed them to talk about their product in a more interesting and engaging way even through Zoom, live streaming or teleconferencing sessions.

The use of avatars makes for an interesting way to discuss business ideas. It is also a way to address Zoom fatigue, especially during the pandemic when most business meetings are conducted through teleconferencing. Additionally, business pitches done through avatars provides entrepreneurs the opportunity to present their ideas with a clean slate, free from associations with other products or business models.

The “Satoshi Nakamoto” identity, which is identified as the creator or group responsible for inventing Bitcoin, is an excellent example of how pseudonymity works. It provided privacy and security for Bitcoin’s creator or creators. Also, the “Satoshi” identity helped allay skepticism over the platform’s initial backers and instead put the focus on the technology and its applications.

It is the same as what happens in society. Discrimination, biases, and prejudices continue to exist, so it helps to have a way investors, stakeholders and consumers can examine business ideas/models or products objectively. As Srinivasan explained in his conference presentation, “Rather than make naive appeals to people to look past gender or race, or to not cancel or to not discriminate online, instead we make it impossible to do that by taking away that information entirely with realistic avatars and fully functional pseudonyms.”

Defending against social supply chain disruptions

By having the ability to practically create different identities when dealing with specific people or situations, pseudonymity allows people to control their reputation and exposure to negative social interactions. It is not a way to escape accountability, though. It is not designed to tolerate the serial failures of fly-by-night digital entrepreneurs. It is not a commendation for run-of-the-mill businesses to churn out new business models every so often that turns out to be vaporware without careful thought and planning.

Pseudonymity affords privacy, freedom of speech, and protection from negative press and social media mob attacks. It is a boon for entrepreneurs in the digital age as well as for ordinary people whose lives are easily impacted by social media and their online activities. Assuming a pseudonymous identity is a way to achieve fair and objective engagements with investors, other businesses and consumers.

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