

# FORGE

## DAO-Managed Worker-Owned Organizations for Government Services

**Problem:** AI automation will displace millions of workers. Existing models fail to create sustainable meaningful work with aligned incentives.

**Solution:** DAO-managed Mutual Benefit Corporations—worker-owned organizations competing for government contracts, governed transparently via blockchain.

**Impact:** By 2030: 100+ organizations, 10,000+ workers, \$500M+ in government contracts managing critical services.

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## 1. Executive Summary

**The Challenge:** AI and automation will displace millions of workers. Traditional solutions (government employment, for-profit contracting, non-profits) each fail to create sustainable work with aligned incentives.

**The Insight:** Governments spend \$1+ trillion annually on service contracts. What if workers themselves owned and managed these contracts?

**The Solution:** FORGE: DAO-Managed Mutual Benefit Corporations. Worker-owned organizations competing for government contracts, governed transparently via blockchain, where workers own stakes and share profits.

**Why Now:** MBC laws exist in most states. Blockchain governance is mature. Governments are experimenting with alternative delivery models. Post-pandemic workers want ownership and autonomy.

**The Opportunity:** By 2030: 100+ organizations, 10,000+ workers, \$500M+ in contracts. Proves worker ownership scales and creates wealth for displaced workers.

## 2. The Problem: Three Broken Models

Within 10 years, automation will eliminate millions of jobs. Society needs a scalable way to keep people productively engaged and economically secure. Current approaches fail:

**Government Employment:** Pro: Job security, benefits. Con: Inflexible, expensive. Why it fails: Governments can't afford to hire millions more workers.

**For-Profit Contracting:** Pro: Cost-efficient. Con: Perverse incentives (cut labor, lobby for expansion). Why it fails: Profit motive opposes quality and fairness.

**Non-Profit Delivery:** Pro: Mission-aligned. Con: Perpetually underfunded. Why it fails: Donor-dependent, can't sustainably attract talent.

**The Core Problem:** All three models separate *the people doing the work* from *the people benefiting from its success*. What if workers were the owners?

### 3. The Opportunity: Government Procurement as Funding

#### ***The Money Is Already There***

Governments spend \$1+ trillion annually on services contracts (environmental/infrastructure: \$150B+, healthcare: \$200B+, social services: \$100B+, corrections: \$80B+, facilities/logistics: \$300B+).

This isn't speculative. These contracts exist *today*. The question is: *who captures it and how it flows through the system?*

#### ***The Economic Logic:***

Traditional \$1M contract: Corp keeps 30-40% profit, workers get \$600K

FORGE model: 5-10% operational reserves, workers get \$850K + profit share

**Result: Workers earn more, government saves money, quality improves**

No new taxes. No government bloat. Just reallocating existing spending.

## 4. The Solution: FORGE (DAO-Managed MBC)

**Mutual Benefit Corporation (MBC):** Legal entity that can generate profit (unlike non-profits) and benefits specific stakeholders (unlike C-Corps). Exists in 40+ US states.

**DAO (Distributed Autonomous Organization):** Governance mechanism allowing transparent voting, automated execution, and immutable audit trails. Scales to thousands of participants.

### **Combined: FORGE**

Workers own tokens = governance votes + profit share

They vote on: profit distribution, strategy, hiring, compensation, risk allocation

Blockchain handles: token issuance, voting, treasury, profit distribution, audit trail

### **Why This Works:**

- ✓ Aligned Incentives: Workers benefit if org wins contracts and operates efficiently
- ✓ Governance & Voice: Workers collectively decide strategy, not top-down
- ✓ Transparency: Blockchain provides immutable audit trails (what governments need)
- ✓ Scalability: DAOs coordinate thousands of workers without bureaucracy
- ✓ Legal Clarity: MBC is recognized legal entity governments can contract with

## 5. Why FORGE Works Better

Dimension	Govt	For-Profit	Non-Profit	FORGE
Cost	High ✗	Med ■	Med ■	Low ✓
Worker Incentives	Mod ■	Low ✗	Mod ■	High ✓
Quality Alignment	Weak ■	Poor ✗	Strong ✓	Strong ✓
Accountability	High ✓	Low ✗	Mod ■	High ✓
Sustainability	Poor ✗	Mod ■	Poor ✗	Strong ✓
Scalability	Poor ✗	Good ✓	Lim ■	Good ✓

- ✓ Better than government: Workers have voice, lower costs
- ✓ Better than for-profit: No margin extraction, aligned incentives
- ✓ Better than non-profit: Sustainable, competitive compensation

## 6. How It Works: Environmental Remediation FORGE

**Setup:** \$2M/year contract, 50 founding workers (experts, technicians, operators), 1,000 tokens per worker vesting over 4 years

### **Year 1 Economics (\$2M contract):**

- Salary/labor: \$1.4M (70%)
- Operations: \$400K (20%)
- Profit available: \$200K (10%)
- Distribution: 70% workers (\$140K), 20% reserves (\$40K), 10% ops (\$20K)
- **Per worker: \$28K base salary + \$2.8K profit = ~\$30.8K**

**By Year 3:** 75 workers, \$4K per-worker profit share, second contract won, 5% turnover (vs. 30% industry), \$2.5M collective token value

## 7. Implementation Roadmap

### ***Phase 1: Proof of Concept (Year 1)***

- 1-2 organizations, 50-100 workers, \$500K-\$1M budget
- Success: Contracts awarded, 80%+ satisfaction, cost parity

### ***Phase 2: Expansion (Years 2-3)***

- 10-20 organizations (environmental, healthcare, social services, logistics)
- 500+ workers, \$50M+ contracts, 90%+ retention, \$5M-\$10M budget

### ***Phase 3: National Scale (Years 4-5+)***

- 50+ organizations, proven model, government integration
- 5,000+ workers, \$500M+ contracts, 10-20% cost savings demonstrated

## 8. Economic Sustainability

FORGE organizations are self-sustaining: contract revenue funds operations and worker compensation. Unlike charity or government programs, they scale with network effects reducing per-unit costs.

### ***Typical \$1M Contract:***

- Labor: \$600K (60%)
- Operations: \$200K (20%)
- Profit distribution: \$100K (10%)
- **Per worker comp Year 1: ~\$13.4K base + \$1.4K profit**

### ***Profitability Path:***

- Breakeven: Month 6-9 of first contract
- Profitable: Year 2 onward
- Mature org (\$5M contracts): \$40K-55K total comp per worker

## 9. Governance & Legal Framework

**Mutual Benefit Corporation:** Legal entity allowing profit + stakeholder benefit. Exists in 40+ US states. This is what government contracts with.

**DAO Governance:** Transparent voting, automated execution, immutable audit trails. Wrapped inside MBC legal entity. Gives government a clear legal counterparty while preserving DAO benefits.

**Why This Works:** FORGE doesn't invent new corporate law. It uses existing legal frameworks (MBC) with proven governance technology (blockchain). Low-risk for early government pilots and workers.

## 10. Conclusion & Next Steps

We face a choice as AI advances: (1) do nothing, (2) expand government employment (unaffordable), (3) hope markets adapt, or (4) realign incentives. FORGE pursues option 4.

This isn't radical. Worker ownership works. Blockchain governance works. The innovation is applying proven technology to solve a modern problem.

### ***Who We Need:***

- Government partners: 2-3 agencies willing to pilot
- Founding workers: 50-100 committed people in pilot communities
- Capital: \$1M-\$2M to fund Phase 1
- Advisors: Cooperative experts, blockchain engineers, procurement specialists, labor lawyers

**Timeline: Phase 1 MVP launch within 6-9 months**