

MANX Token Economics

1. What is Token Economics?

Token Economics is the design and implementation of reward mechanisms based on blockchain technology. Every blockchain platform and application may have its own token economic model.

For example Bitcoin Token Economics determines the reward mechanism between Bitcoins and blocks. The reward started at 50 Bitcoins per block and is cut in half every four years. Currently, the reward per block is 12.5 Bitcoins. Bitcoin was also designed to create a new block approximately every 10 minutes. As the number of block miners increases the average time to create a new block would decrease. Keeping other factors constant, increases in computational power would also make it faster to generate new blocks. To keep block generation time consistent, Bitcoin uses a 'difficulty algorithm' to adjust the difficulty of the puzzle that needs to be solved to successfully generate a new block. These two features – the token reward mechanism and the difficulty algorithm - form Bitcoin's Token Economics.

2. Consensus Protocol vs. Token Economics

Token Economics is an indispensable part of the Consensus Protocol. Blockchain technology makes transactions in the decentralized network feasible without a centralized authority and token economics make the system sustainable over the long-term.

Bitcoin's Consensus Protocol is 'Proof-of-Work' which includes the following components:

- Create Transaction and Block
- Block Validation/Mining
- Token Reward Rule per Block
- Difficulty Adjustment Algorithm

The first two items are part of the technical implementation of the Proof of Work Protocol. The last two items are part of the Token Economics needed to keep Bitcoin miners on the blockchain motivated for successful network operation.

Without Token Economics, different Consensus Protocols may be created but won't be successful in the long term.

3. What are the factors driving successful Token Economics?

There is no universal design of Token Economics that works for every Consensus Protocol. Successful Token Economics incentivize the community to grow while keeping the network operating in a stable manner. The following factors are crucial in the design of Token Economics:

- **Target Market Size vs. Token Supply** – The token supply should be related to the addressable target market size.
- **Token Transaction Type/Use Cases** – Transaction types and use cases dictate how tokens will be used in the ecosystem - as payment methods, value storage or unit measurement. In cases of voting and staking, tokens can also be used as a collateral asset for decision-making.
- **Reward Mechanism vs. Stakeholder Interest** – The token reward mechanism should be specific regarding transaction pricing and token reward calculations. In addition, the reward mechanism should align the interests of different stakeholder to support and grow the community.
- **Dynamic Adjustment vs. Stability** – Token mechanisms are dynamic in terms of transaction pricing and reward calculations. On the other hand, adjustments that are too dynamic can affect the stability of the network operation. For Bitcoin, the Difficulty Adjustment Algorithm is dynamic and responds to changes in the number of miners and changes in computational power. On the other hand, the interval over which blocks are generated near 10 minutes per block, which stabilizes the token reward over time.

4. What is special about MANX's Token Economics?

MANX (MacroChain Computing and Networking System) is a distributed service platform that supports post-quantum cryptography and high-performance multi-chain cooperation, while facilitating the value-aggregated closed-loop token economy.

The goal of the MANX project is to establish a blockchain ecosystem for **small-medium enterprises (SME) and individuals** based on third-generation public chain architecture, allowing applications to be developed with ease.

Major applications include the following use cases, which define the major transaction types: Websites, Exchanges, Payments, Insurance, Investment advice, Social networking, Games and E-commerce.

Based on these use cases, the major functions of MANX Tokens are:

- **Payment intermediary**, including calculation of transaction pricing (gas calculation), mining rewards and cross-chain transaction pricing.

- **Stake as collateral**, including stake nodes for ranking or voting regarding network operation. Reward for these nodes will be shared with corresponding stakeholders.
- **Value storage for investment and insurance** - lock-up rewards will be paid out as dividends for long-term MANX Token holders.
- **Service measurement on platform** - multiple users, including small businesses and individuals, may provide various services on the platform. The reward for their service will be measured and paid out in MANX Tokens as part of community incentives.

In summary, MANX Tokens will be used in network operations, value storage/collateral and community incentives. MANX's Token Economics are highly dynamic in transaction pricing but keep the ecosystem sustainable for long-term growth and success.