

How the blockchain can unshackle markets

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The blockchain that underpins digital currencies can be used much more widely to create smart contracts and immutable and protected digital products and services. The potential of this innovation is only now being recognized but looks set to start an intellectual and innovation revolution that will have as great an impact on society as the invention of the internal combustion engine did on transport and the internet did on

communications.

Writing in the *European Journal of International Management*, Tamir Agmon of both the Faculty of Management at Tel Aviv University, in Tel Aviv-Yafo, Israel and the School of Business, Economics and Law at Gothenburg University in Gothenburg, Sweden, discusses how distributed digital technology unshackles individual creators and producers and even multinational enterprises from conventional firms, financial intermediaries, and even [regulatory authorities](#) in a way that was not possible in the pre-digital age.

"Major innovations are about reducing transactions costs," explains Agmon. "This has been true since the beginning of the Industrial Revolution and it continues along the inventive process in the last 220 years." He adds that the nature of the emerging distributed, non-centralized, [digital technologies](#) are disrupting conventional markets right now. However, as with the motor car and the telephone before them, they have the potential to improve the welfare of many people by transforming the way we carry out transactions in the market in the future as workers, creators, and consumers.

Indeed, this new distributed digital technology could bring us closer to the hypothetical notion of the neoclassical perfect market model wherein limited productive resources are utilized in a more optimal manner than is possible with conventional approaches. It is likely that recognition of this revolution will emerge most rapidly in the realm of information and [communications technology](#) (ICT) before the concepts spread more widely.

More information: Tamir Agmon. The new distributed digital technology world trade and MNEs: another step in the inventive process, *European J. of International Management* (2020). [DOI: 10.1504/EJIM.2021.111945](#)

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