1729

Lightning Talk
Next Generation Crypto Economics

Elon drop: twittercoin

Twittercoin $400Bn > $350Bn Ethereum

#	Name	Market Cap	Price	24h Volume	Supply
1	Ethereum	$342,170,661,219	$2,844.14	$15.7 B	120.3 M
2	USD Coin	$38,820,373,303	$1.00	$4.4 B	38.8 B
3	Shiba Inu	$11,799,281,781	$0.0000215	$611.1 M	549.1 T
4	Wrapped Bitcoin	$9,819,783,812	$38,664.37	$71.4 M	254 K
5	TerraUSD	$7,623,745,063	$0.9989522	$349.4 M	7.6 B
6	FTX Token	$5,475,140,366	$39.26	$57.7 M	139.5 M
7	UNUS SED LEO	$5,317,238,609	$5.57	$4.9 M	954 M
8	ChainLink	$5,316,365,394	$11.38	$292.1 M	467 M
9	Uniswap	$4,486,400,583	$7.15	$135.5 M	627.9 M
10	Crypto.com Chain	$2,923,928,454	$0.3150506	$86.6 M	9.3 B
11	Decentraland	$2,822,988,289	$1.55	$200.7 M	1.8 B
12	Matic Network	$2,415,186,320	$1.11	$506.8 M	2.2 B
13	Theta Token	$2,370,873,882	$2.37	$153.6 M	1000 M

Source: coinlore

v1.0 crypto network economics: pre EIP1559

✗ Value Accrual to base layer token

✗ Add security to native chain

✗ Inflation to reward miners

ERC20 Tokens Parasitic:
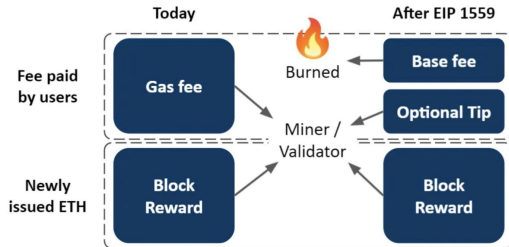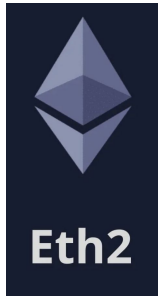Take up block space
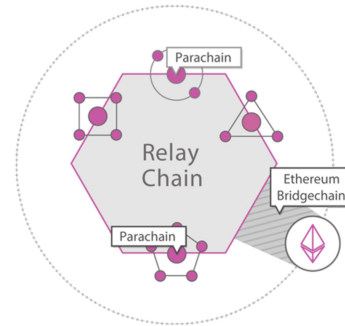Throttle chain
Dangerous: Value of twittercoin > native chain
Profitable to exploit native chain (attack)

v2.0 crypto network economics: DOT, EIP1559 conceptually similar

✓ **Value Accrual to base layer token**

✓ **Add security to native chain**
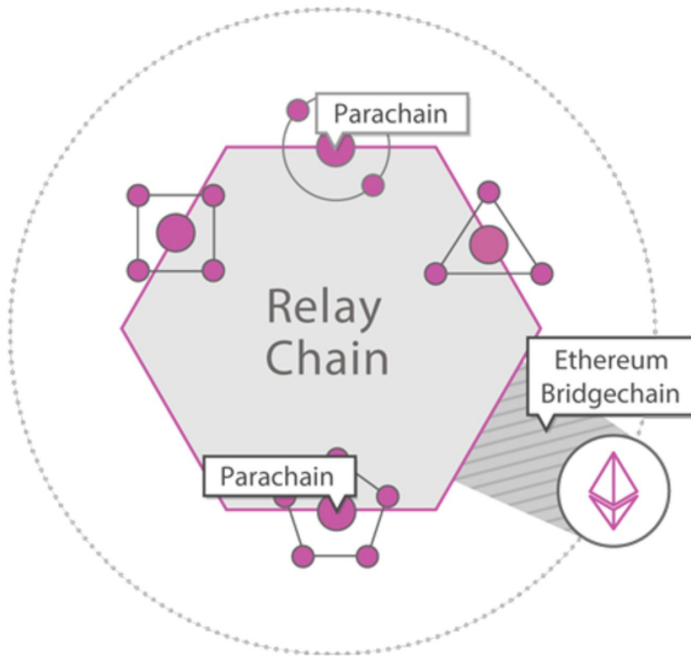
✓ **Scalability: Reach massive scale**

Eth2

Today | After EIP 1559

Fee paid by users — Gas fee → 🔥 Burned / Base fee

Optional Tip

Miner / Validator

Newly issued ETH — Block Reward / Block Reward

Burn ETH (reduce float)

"Shards"

Off chain governance

Upgrades hard fork

Polkadot.

Parachain

Relay Chain

Ethereum Bridgechain

Parachain

Vesting Stakes (reduce float)

"Parachains"

On chain governance

Upgrades no fork required

DOT: embedding feedback loops network economics

- **layer 0: Polkadot and Kusama**
- **layer 1: Parallel chain**
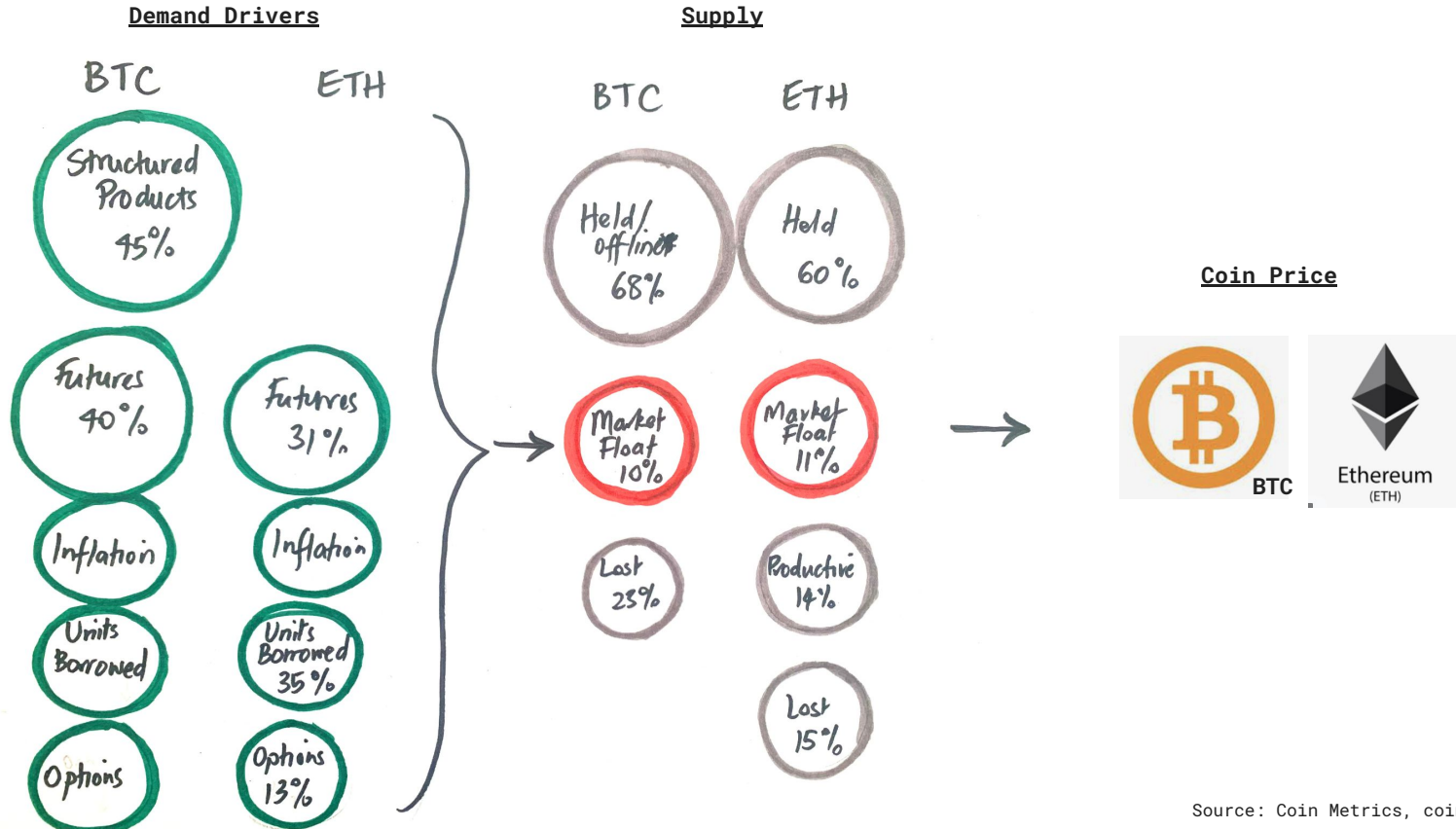- **layer 2: application, user, liquidity**

Demand: DOT

PLO Auctions for new projects

Supply:

Stake 2 years: Slot on parachain

(reduce float)

V1.0 economics: crypto primitives (BTC, ETH)

Demand Drivers

BTC ETH

- Structured Products 45%
- Futures 40% / Futures 31%
- Inflation / Inflation
- Units Borrowed / Units Borrowed 35%
- Options / Options 13%

Supply

BTC ETH

- Held/offline 68% / Held 60%
- Market Float 10% / Market Float 11%
- Lost 25% / Productive 14%
- Lost 15%

Coin Price

BTC Ethereum (ETH)

V2.0 next generation crypto economics (DOT)

v2.0 crypto network economics: embedding feedback loops for the long term token ecosystem

✓ Value Accrual to base layer token

✓ Add security to native chain

✓ Scalability: Reach massive scale

References

https://hackernoon.com/ethereum-tokenomics-2021-impact-of-eth2-eip-1559-and-l2-scaling-solutions-on-demandsupply-qx5034tw

https://academy.moralis.io/blog/what-is-polkadot-polkadot-and-dot-explained