Social Impact - Commentary Aug 21

Liquid Democracy: The Future of Governance Powered by Blockchain

Democracy, hailed as the beacon of freedom and representation, faces many complex challenges in the modern age. The rise of misinformation and fake news, often amplified by social media algorithms, obscures truth and impedes the ability of citizens to make informed decisions. Polarization and the echo chamber effect further fragment societies, diminishing dialogue and consensus-building. Additionally, external interference in elections, through cyberattacks or propaganda, threatens the sanctity of the democratic process. Coupled with these is a declining trust in institutions and elected representatives, and a feeling of hopeless amongst voters who feel that their votes simply don't matter, or that they lack the mechanisms to hold their elected officials accountable. These challenges demonstrated the need to re-evaluate how democracies function and adapt in an ever-changing landscape.

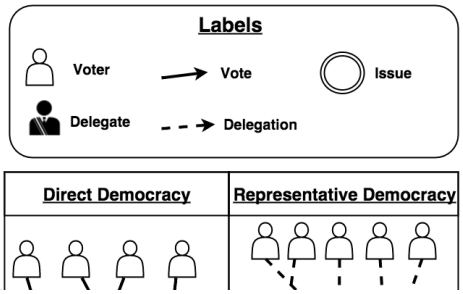
Technology can, and ought to be an important part of the solution to rejuvenating the world's democracies. With the advent of technology, especially blockchain, the notion of democracy is set to take a transformative leap. Enter the era of "Liquid Democracy" — a revolutionary approach, empowered by blockchain, that will redefine accountability, transparency, and participation in democratic institutions. In this article, we'll delve into the basics of "Liquid Democracy", how blockchain can serve as the foundation for a true liquid democracy, and some of the promising real-life examples of blockchain-enabled democratic systems.

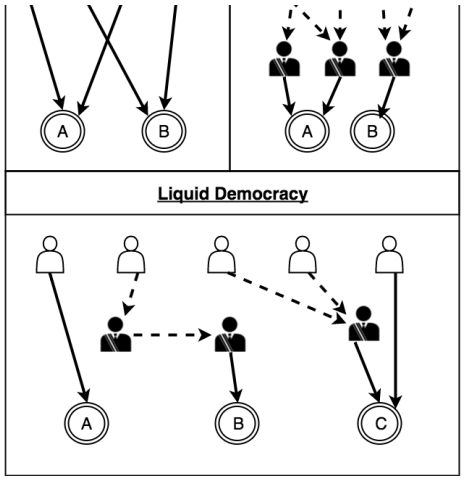
> Great insights from @memebrains of @CityDAO on the concept of "Liquid Democracy" 🤯
>
> Web3 enabled democracy that gives power to the people to hold their representatives accountable instantly, not only a few years down the road when the next election comes around! 💪
> pic.twitter.com/vWfuv2Maxa
>
> — Crypto Altruism I #GG18 🤖 (@Crypto_Altruism) August 15, 2023

What is Liquid Democracy?

At its core, Liquid Democracy is a new form of governance that gives citizens the power to vote directly on issues important to them, or to delegate their voting power to other citizens who vote on their behalf. This, in essence, combines the best of both worlds from a direct democracy and representative democracy.

This diagram from Dominik Schiener, Co-Founder of IOTA, does a great job breaking down the difference between direct democracy (where participants are required to vote on issues), representative democracy (where participants elect an individual to make decisions on their behalf), and liquid democracy.





Source: "Liquid Democracy: True Democracy for the 21st Century", by Dominik Schiener

There are many benefits that come with a liquid democracy, including direct representation for traditionally underserved populations, more effective decision making, scalability, and ultimately, the development of a truly democratic system where individuals have choice.

For a deeper dive into the philosophy behind liquid democracy, check out the following article: "Liquid Democracy: True Democracy for the 21st Century"

While blockchain is not a necessity for a liquid democracy to operate, it can certainly help ensure the success of this new governance model by:

- Giving citizens the power to more readily hold elected officials accountable
- Empowering democracy through blockchain-enabled transparency
- Enabling new forms of participation in democratic institutions

Holding Elected Officials Accountable with Blockchain-based tools

In a conventional democratic system, holding elected officials accountable is challenging. Often, their actions during their tenure do not reflect their campaign promises. At the same time, they could be plagued by scandals and conflicts of interest, calling into question their ability to fairly represent their constituents. Unfortunately, the electorate often lacks the tools to hold these individuals accountable for their actions, aside from waiting until the next election cycle which could be years away.

Decentralized governance tools, like DAOs (Decentralized Autonomous Organizations), enable citizens to find their voice and directly hold their leaders accountable. DAOs are a type of blockchain-based organization that operates through smart contracts and is governed by its members' votes. DAOs can be used to govern communities by allowing citizens to participate in decision-making processes directly. In a DAO governance structure, if a group of citizens was upset with the governments handling of an issue, they could put forward a community proposal calling for their removal. This new layer of accountability could help ensure governments remain true to their promises, or risk being removed from office immediately. This is essential in maintaining the fluidity of a liquid democracy.

Accountability through Blockchain-Enabled Transparency

Transparency is the cornerstone of trust. Yet, many governments around the world are plagued by corruption, backdoor deals, and undisclosed financial transactions, having a detrimental impact on the public's trust in democratic institutions. A liquid democracy cannot effectively function when there is a lack of transparency and trust, and this is where blockchain comes in. A blockchain's decentralized ledger is inherently transparent, making all transactions and actions visible to those with access to the system.

By transitioning governmental transactions and record-keeping to a blockchain-based platform, every penny spent, and every decision made could, in theory, be tracked and verified, making embezzlement, fraud, and corruption much harder to hide and easier to prosecute.

Blockchain could also be used to store politicians' promises and objectives in a way that can't be altered retrospectively. This creates an indisputable record of their commitments, against which their actions can be measured. If they deviate from these objectives, it could easily be verified by constituents simply by pointing to the immutable record created by the representative themselves!

Another area where blockchain can shine is by enabling transparent campaign finance. Blockchain can be used to create a transparent ledger of all political donations, allowing voters to see exactly how much money is being spent on political campaigns and where that money is coming from.

If all campaign contributions were stored on-chain, it could help eliminate the risks posed by the billions in 'dark money' influencing elections around the world. It could also hold political groups, such as Political Action Committees (PACs), to account, ensuring that all their contributions are legitimate.

By creating a transparent record of political donations, it can help prevent corruption and ensure that political systems are fair and just. This can help to level the playing field for all candidates and prevent wealthy special interests from exerting undue influence over democratic processes.

In the case of liquid democracy, citizens who wish to delegate their votes could make informed decisions about their delegates by viewing their full voting history, on-chain, to ensure the delegates views align with their own. In the case where the delegate votes against the delegators interests, they could simply withdraw their delegation. Furthermore, this radical transparency enabled by blockchain can help protect voters from disinformation, with the blockchain's immutable leger serving as a trusted source of information about political candidates and their voting histories.

Reimagining Democratic Participation with Blockchain

Blockchain-enabled democracy can provide individuals with the tools to engage more directly in democratic institutions. By using a blockchain-based voting system, for example, it can be assured that every vote is recorded accurately and securely, while making the voting process as accessible as possible. This can help prevent voter fraud and ensure that elections are fair and free.

Citizens can be confident that their votes are being recorded accurately and securely, without the risk of tampering or fraud. And by using smart contracts to automate certain aspects of the voting process, it can further increase transparency and reduce the risk of human error or bias. At the same time, voters will no longer have to wait days to see the results of their elections due to the efficiency of a blockchain voting system, ensuring the fluidity of the liquid democracy.

A blockchain based voting system can be the cornerstone of the liquid democracy, serving as a safe, secure, and trusted system for directly voting on candidates or governance proposals, or to delegate one's vote to a representative.

Another way that blockchain can empower democratic participation, as highlighted above, is through the use of DAOs. This could include DAOs operating as community funds - DAOs that hold funds raised through crowdfunding or donations and allow community members to propose and vote on projects to be funded. This allows for greater participation and transparency in the allocation of community resources. Furthermore, DAOs can be used to govern specific areas of a city, such as a neighborhood or a park. For example, a DAO could be created to govern the maintenance and improvement of a community garden. The DAO would allow community members to propose and vote on projects, such as adding new plants or installing new irrigation systems.

All in all, a blockchain-based democracy would not only give the average citizen more power to hold their governments accountable, but can also equip them with the tools to actively participate in democratic institutions, having a greater voice in the issues that directly impact them.

Case Studies in Blockchain-Empowered Democracy

While it is still too early to highlight any true examples of a liquid democracy, there are many projects making use of blockchain to enable democratic participation. These projects could ultimately lay the groundwork for the worlds first truly liquid democracy.

CityDAO

CityDAO is a decentralized autonomous organization (DAO) with a mission to "build an on-chain, community-governed, crypto city of the future." They are a global movement with 10,000 citizens from 100+ countries around the world, and has even purchased land in Wyoming. CityDAO is fueled by guilds – "pools of diverse contributors from around the world who help CityDAO achieve its vision". Individuals can become citizens in CityDAO by joining a guild and contributing, or by purchasing a citizenship NFT through secondary markets. Citizens can have a direct say in the development of CityDAO by voting on community proposals, or by creating their own proposals. In theory, citizens who are disappointed with the action of their elected officials, could put forward a proposal to remove them, bringing a new level of accountability to community governance.

Zug, Switzerland

Zug has been experimenting with blockchain voting as a way to better engage residents. In their first test, the votes were placed through a mobile app, where residents used their digital IDs to provide feedback on local matters such as whether or not to permit fireworks at their annual festival. This provides citizen with a simple way to engage in their democracies and drive collective decision making.

ATX DAO

ATX DAO is a City DAO located in Austin which aims to "unite Austin's crypto communities, enable local artists and businesses to participate in the crypto ecosystem, and educate the government about the benefits of Web3." ATX DAO is governed by on-chain voting, where members can put forward governance proposals that the community votes on, with each voting result being stored on an immutable blockchain.

KSI Blockchain

Estonia, a digital trailblazer, has already begun integrating blockchain into its public services. This includes making use of the KSI blockchain to back important state registries including the healthcare registry, property registry, business registry, succession registry, digital court system, and state gazette. By making use of blockchain, it ensures a transparent process for the storing of data, where every digital action is timestamped and stored securely on-chain. The KSI blockchain also serves as the "backbone" of Estonia's digital security. Whereas it takes

on average seven months to discover data breaches through traditional technologies, through Estonia's KSI Blockchain technology, any breaches can be detected instantly, helping ensure the security of democratic institutions.

Conclusion

Blockchain's integration into the realm of democracy presents a paradigm shift, where accountability, transparency, and participation aren't just buzzwords, but tangible realities. Liquid Democracy, empowered by blockchain, offers an exciting glimpse into a future where democratic governance is more fluid, responsive, and reflective of the people's will.

While there will be challenges ahead, especially in terms of adoption and resistance from existing structures, the case studies highlighted above showcase that it's not only possible but also beneficial for societies to embrace this new wave of democratic transformation, powered by blockchain.

---

democracy - government - DAOs - transparency - blockchain - voting - decentralization

‹ **Crypto Altruism Podcast Episode 117 - Gitcoin Grants 18 Special!**

Crypto Altruism Podcast Episode 116 - Steward - bridging the natural and digital worlds with Web3 ›