# The Ethics of Non-fungible tokens(NFT’s)

One of the topics that comes to mind with blockchain and the application of that technology is the energy consumption. NFT’s also come with environmental limitations. Most crypto art distribution and security technology derive from Ethereum. The Ethereum platform uses 48.14 kilowatt hours of energy per transaction while it generates thousands of transactions every day. One transaction uses as much power as the conventional household over a day and a half (hub, 2021).

This is because they use proof of work for their blockchain. With the emergence of proof-of-stake blockchains there is light on the horizon. This method is more efficient (Mapperson, 2021).

But according to SuperRare, a marketplace for buying and selling NFT’s, the energy consumption stays the same regardless of the amount of transactions. You can think of Ethereum kind of like a train engine throttled to the same speed all day, kept running by miners securing the network in exchange for ETH. In this analogy, transactions submitted to the network would be seats on the train. Due to the design of Ethereum, the train will keep running at the same speed and with the same energy consumption whether or not there are any seats filled (Team, 2021).

A comment under the article responded: “To use your analogy, if you're a "passenger" on an extremely pollution-intensive train, you're still supporting the train's existence by "buying a ticket". You are part of the problem, quite literally.”

Other disadvantages are:

* An all speculative market: It’s impossible to gauge its worth as a long-term investment, so right now, it’s nothing but speculation (Edwards, 2021).
* NFT’s can be stolen: Many exchanges have outdated or inefficient security protocols in place (Edwards, 2021).
* Ownership doesn’t equal control: Just because someone owns an original NFT doesn’t mean they can control its distribution or duplication across platforms. Ownership just means they hold the authentic “original”. They can’t stop “prints” from being made (Edwards, 2021).

## Why use this instead of tokens for a festival?

The idea is to use NFT’s instead of physical plastic tokens during festivals to reduce plastic waste. Plastic waste is a big part of the waste that will be incinerated from festivals. The material flow analysis made by Metabolic says that over 5000kg of waste will be incinerated from festivals (Schurink, 2018). This is taken from the DGTL festival from 2017.

Although it’s not good for the environment, NFT’s have certain benefits:

* Ownership: NFTs, ensure that you own the real thing and therefore have possession overvalue. In simple words, NFTs can transform the conventional norms of verifying and managing the ownership of assets. As you can find NFTs on a blockchain network, it is possible to transfer ownership of NFTs easily. Therefore, you can also find the advantage of the easy transition of asset ownership with NFTs in many real-world scenarios (Geroni, 2021).
* Authenticity: In the case of some NFTs, creators can opt for creating multiple replicas like in the case of tickets. On the other hand, the immutability of the blockchain on which NFTs are stored also provides the assurance of authenticity. Immutability in blockchain-based NFTs ensures that they are immune to modifications, removal, or replacement. Therefore, NFTs can easily showcase their authenticity as the most valuable quality (Geroni, 2021).
* Transferability: Many games issue in-game items, and players purchase them to improve their gaming experience. However, the in-game items are restricted only to the environment of the games, and players could not use them anywhere else. Furthermore, players could lose their investment in the in-game collectibles or items when the game goes out of fashion.
* Creation of economic opportunity: With the help of NFTs, the ownership of content is integrated into the content only. So, when the creators sell their content, the funds directly go to them. If a new owner sells the NFT, the creator could receive royalties by setting up smart contracts while developing NFTs. The original creator can receive royalties for each re-sale of the token since the NFT metadata includes the creator’s address (Geroni, 2021).
* Boost inclusive growth: For example, the use of NFTs for precious metals is a prominent instance of ensuring liquidity. NFTs representing ownership of a specific share of real-world assets such as property could show the flexibility for growth. Real estate agents could issue listings as NFTs with fractional ownership of assets. As a result, multiple buyers could have a stake in a single property according to specific conditions (Geroni, 2021).

Right now NFT’s are seen as having a lot of potential.