

Next session: [November 29, 2023](#)

We've been talking about experiments to be better informed on how cryptocurrencies are redistributed. We always come back to the same meta topic: who decides? On this next circle let's talk governance.

Date: 2023-10-24T15:00:00Z

→2023-10-24T16:30:00Z

Location: Google Meet. Please [send me a message](#) to receive the invite.

Host

[@sarah.allen](#)

Agenda

- Breathe, slow down, set intentions
- Circle of introductions: who we are and who is joining for the first time
- Experiences with on-chain governance
- Brief summary and discussion of suggested readings
- Open discussion of experiments in governance: What do we aim to achieve with governance systems? Which experiments have been the most promising? What do we hope to see next?
- Define topics for session 5 and 6
- Closing circle

Suggested readings

- [Unpacking How Decentralized Autonomous Organizations \(DAOs\) Work in Practice](#)
- [Leverage Points: Places to Intervene in a System](#)
- [RetroPGF2: Learnings & Reflections](#)
- [Identity and Personhood in Digital Democracy: Evaluating Inclusion, Equality, Security, and Privacy in Pseudonym Parties and Other Proofs of Personhood](#)
- [Bitcoin DAO Governance Process v3](#)
- [Governing the commons: the evolution of institutions for collective action](#) (note: this is a book-length reading)

Notes

Circle of introductions

Everyone said one thing they hope governance can achieve. The others responded with one word in the chat, a gift.

- public goods, thinker, I've had some wine post-dinner but i get the feeling you're caring, Thoughtful, consideration
- incentives, capable organization, order, mechanisms, Law and order bbyyy :whip cracks:
- train, inspiration, real life governance, un-muteness, experimentation,
- kindness, experimentation, ayy, lol, experimentation
- fairness, equity, fairness, fair, pluralism
- do something, equity, IRL gov, diverse opinions
- new, fairness, Applied research

- elevation, emerging
- was fun to read that again, you are in a surreal land

DAOs stories

We shared a story about gitcoin guided by a steward.

The work was divided in 6 workstreams, with 2 leads each. ~300 stewards that get delegated tokens from users. 5 or 6 of the stewards had 50% of the delegated votes.

Token voting, anyone above a threshold can make a proposal. If it passes offchain, a steward moves it to on-chain to be ratified. Two steps to save on gas. Quadratic voting wasn't possible at the time.

When the dao started, all leads were former employees. There were already channels to discuss. It became more decentralized over time with leads coming from the community.

A bunch of stuff was tested in the beginning, like bottom up compensation, but they lacked context that the leads had.

Delegation was not quadratic. Some founders from other projects got all the tokens from VCs.

Funding is bottoms up, the community decides what should be funded. You can create a 100 accounts and vote for your projects. To solve this problem is pluralic voting, not just account for the number but also who is voting.

Votes from the same social circle shouldn't count the same. This hasn't been done for governance, just for funding.

Having stewards of other daos was annoying, they not necessarily cared that much about gitcoin.

Gitcoin had a big user base. They made an airdrop, the meme of airdropping responsibility. Then you delegate to people who you know, popular people in ethereum.

Gitcoin was the first to implement the "pick your steward" as a required step when claiming the airdrop

No benchmark for budgeting at the start

Now at the other end of the pendulum, things centralize again. Now two people can make a vote pass.

What are we supposed to govern? At some point it needs a hard reset to fix it.

People who have accumulated power across governance systems, cross-DAO stewards also introduce weird meta-games. They are doxxed and have public reputations. You would expect them to be more expensive to bribe.

People working on workstreams shouldn't be stewards, that's a conflict of interest. Reciprocal dealing problems: you vote for me, so I vote for you. Internal games that makes it messy.

Think systematically when designing these systems. Educating, explaining. Independent auditors that exist in the real world.

How to DAO? it's community building, but doesn't go into what good governance is.

Optimism is doing a 30m op public goods funding round this fall- the numbers are mind boggling

Information overload etc was a BIG problem.

Short voting cycles prioritize short term thinking and gains

"don't create DAOs". just go by the general consensus, vote the way you think people are gonna vote

Peer pressure

Social norms

Privacy in voting, which makes a lot of sense at face value. Makes harder to prevent bribes.

It looks like some anonymity is needed with enough voters to avoid deductions.

We didn't have the tech for private voting :C I think the tech still isnt ready(?)

Vote via twitter poll lets go

The proof of personhood reading had some pseudonymity suggestions, but not ready to productionize

that's a good word...voter apathy

Apathy in a group of 12 fulltime stewards? that's surprising.

Quarterly budget to most engaged stewards. That ended up enshrining a specific group of people even more than before.

Clean incentives without weird externalities.

Hard for a new person to rise and earn trust and power

Practical solution, embrace the mathematics, design the different dimensions of fairness and these other topics. Model them, address them.

There is still a lot of experimentation on the grants side.

Is there anybody in blockchain experimenting with sociocracy?

Voting could be implemented like auctions, and there is tech to make auctions private. It is called create2.

What would it look like for the EF to convert to a DAO? Delegation would be awkward and results might look quite different from the current system.

In nouns there are some interesting dao mechanics they've built in.

Default to whatever tools are available, like tally or snapshot. No meaningful experimentation. We are constrained by our tooling in designing DAOs.

Like the idea of prop house, or the idea of the gardener function.

dxdao used reputation based governance. Non-transferable.

Interesting to think about the EIP process and how that would function if we had a reputation based DAO with EF members + client teams whitelisted as the deciders

The problem of token distribution in a DAO (like uniswap) and how inactive large token holders can break the decentralization.

Platonic idea: decentralized and autonomous. Fully autonomous hasn't happen yet. Tooling holds DAOs back. Some are not even decentralized. In that situation it doesn't matter what tools you use.

Make up a token, you don't really feel like it's something you made or create, like with taxes. It has monetary value, but is magic money.

More discriminating on what to do with the valuable assets.

Citizenship! The notion of sacrifice. You are not governing anything. Cryptopatriotism, daopatriotism, civic responsibility.

I think a lot of civic responsibility stems from a feeling that "i help make this thing"

Like in a local level, I like knowing that my resources or time or etc went towards a school or garden that i can point to. In crypto there is no physical component, but i think there are some ways where people can feel a sense of ownership over crypto protocols.

In a world where i pay a tax to EF and EF funds uniswap, maybe i feel indirect ownership towards having helped create uniswap, and then therefore be a steward of it

Parallel to the reading concept of governing the commons rather than a place or entity

I think what breaks that is that (1) i didnt really contribute to EF, and (2) Uniswap took EF money and then took venture money anyways and then made a community token and has now kind of rugged their community

Places to intervene a system:

1. Clearly defined boundaries Individuals or households who have rights to withdraw resource units from the CPR must be clearly defined, as must the boundaries of the CPR itself.
2. Congruence between appropriation and provision rules and local conditions Appropriation rules restricting time, place, technology, and/or quantity of resource units are related to local conditions and to provision rules requiring labor, material, and/or money.
3. Collective-choice arrangements Most individuals affected by the operational rules can participate in modifying the operational rules.
4. Monitoring Monitors, who actively audit CPR conditions and appropriator behavior, are accountable to the appropriators or are the appropriators.

5. Graduated sanctions Appropriators who violate operational rules are likely to be assessed graduated sanctions (depending on the seriousness and context of the offense) by other appropriators, by officials accountable to these appropriators, or by both.
6. Conflict-resolution mechanisms Appropriators and their officials have rapid access to low-cost local arenas to resolve conflicts among appropriators or between appropriators and officials.
7. Minimal recognition of rights to organize The rights of appropriators to devise their own institutions are not challenged by external governmental authorities. For CPRs that are parts of larger systems: 8. Nested enterprises Appropriation, provision, monitoring, enforcement, conflict resolution, and governance activities are organized in multiple layers of nested enterprises.

What counts as a commons or feels like one rather than an entity or something that does not get our participation? A feeling difference was identified between Uniswap and Ethereum.

If the major institutions in a space don't really act for public benefit, then people won't try to garden it. I'm not saying all institutions should be public, and I don't have anything against private companies, but it's kind of disingenuous for any org to try and be both private and public whenever it suits them

It's harder to balance too many interests

Hope that you can both get venture backed money capitalism to create public goods. Uniswap is not trying to bridge these two. Compound is trying a little bit more.

Is the token the product? is the protocol the product? is the LP the customer? is the swapper the customer? not clear

Sovereignty over autonomy.

Nature tends to simplicity

Crypto is derivative of all the open source problems.

Come, join us! Leave a reply here to be invited to this session.

More information about this club: [\[Re\]distribution study circle](#)

Past session: [August 22, 2023](#)