

MEVconomics.wtf

Treasure Map

2023, ETHconomics meets MEVconomics. Only 6 months post the Merge, we already survived the FTX collapse and then the nationalization of the banks.

On ETH land, with withdrawals just weeks away, account abstraction is finally around the corner, optimistic relays are up and running pushing the edges of the latency game, and in-protocol proposer-builder separation (PBS) still looming on the horizon, how would these dynamics impact MEVconomics?

On MEV land, the evolution of MEV-aware dapp designs, intensified wallet competition, and the up-leveling of the RPC game along with builder innovation, shift the MEV distribution power back towards the users.

With the modular blockchain thesis playing out and the rise of middlewares and superchains, every part of the modular stack seems to be eyeing a piece of the “MEV snacks”. How does the rise of order flow auctions (OFA) that enables MEV distribution towards the users impact protocol economics? How can we fend off builder centralization and avoid falling into the tradfi HFT paradigm, while the MEV-boost latency game is already in full steam going from 3-digit milliseconds to single-digit milliseconds?

[MEVconomics.wtf](#) is a summit co-organized by [Flashbots](#) and [ETHGlobal](#) that will focus on the economics of MEV (aka MEVconomics) as part of the annual virtual hackathon - Scaling Ethereum. We will highlight the economics of MEV and bring together contributors across research and development areas to provide a snapshot of their latest thinking. Participants will come away with an impression of the macro trends in MEV and how distribution mechanisms interact (for example, mechanisms of the L1 and L2s, data availability layer, restaking and liquid staking protocols). The content in [MEVconomics.wtf](#) is a continuation of what we have explored in [mev.wtf 2021](#), [mev.day 2022](#), [mev-sbc Workshops](#) and [mev-\[re\]search-athon](#) hosted during [Flashbots at ETHDenver](#)

The .wtf series of unconference (see [defi.wtf](#), [macro.wtf](#), [mev.wtf](#), [reorg.wtf](#)), is where we bring back the modern resurrection of the Greek Pnyx (/nɪks/): a supportive space for open, inclusive, informed, and thoughtful exchanges of ideas, for the practice of the ancient art of asking the right questions to move beyond hype and arrive at knowledge.

Let's co-create a treasure map, for the [new Millennium Prize Problems of crypto](#)

Agenda & Recaps

Date:

2023-03-24T16:00:00Z

Roast master:

[Jon Charbonneau \(@Jon\)](#) & [Michael Jordan](#) from [DBA.xyz](#)

Chapter I. Lay of the Land of MEVconomics

This session aims to give a holistic picture for the consideration of MEV economics.

1. [State of the MEV Union](#)

([Slides](#) | [Video](#)) - [Jon Charbonneau](#)

Abstract:

A rapid-fire overview of where we've gone since the Merge and where we're headed. Looking at all aspects of the MEV supply chain including validators, builders, searchers, relays, applications, wallets, and users.

1. [MEV Activities Since the Merge - Strategies, Searchers and Builders during Market Panic](#)

([Slides](#) | [Video](#)) - [Elaine Hu](#)

Abstract:

A peek into the 6 months of MEV activities on Ethereum since the Merge. We zoom into the MEV market dynamics on the day of FTX collapse on Nov 9, 2022 and SVB bank run on Mar 11, 2023.

1. [Information is the New Money](#)

([Slides](#) | [Video](#)) - [Phil Daian](#)

Abstract:

We explore the concept of privacy and explain how private information can by itself form the basis of money. We explore existing ETH monetary theses, positing a new hypothesis that the combination of privacy and commitments allows for a new form of financial expression that is even more valuable than previous forms of money. We provide intuition for the thesis that decentralized privacy is far more economically valuable than centralized privacy, and can form the basis of a more efficient financial system for users while underpinning the bull case for all cryptocurrency.

1. [Protocol economics: the Ethereum protocol's perspective](#)

([Slides](#) | [Video](#)) - [Vitalik Buterin](#)

Abstract:

Robust protocol economics is critical to Ethereum being able to serve its role as a stable blockchain that reliably operates as expected and can resist attempts to censor or reverse transactions. But protocol economics can change in complicated ways, both because of changes to the protocol and because of changes in the ecosystem and application landscape. This talk will go into what some of those changes have been in the past and may be in the future.

1. [Decentralizing Sequencers: Wait it's all PBS? Always have been.](#)

([Slides](#) | [Video](#)) - [Hasu](#)

Abstract:

Existing decentralization roadmaps for L2s only look at decentralizing the proposer, ignoring the important role of the block builder for decentralization, revenue, and user guarantees.

1. [Fireside Chat | ETHconomics meets MEVconomics](#)

([B&D's Slides](#), [Justin's Slides](#) | [Video](#)) - [Justin Drake](#), [Barnabé Monnot](#) and [Davide Cripis](#) (Roasted by [Jon Charbonneau](#))

Abstract:

MEV has emerged as one of the major threats to blockchain security and equity since the rise of DeFi. For the Ethereum protocol, finding robust and future-proof solutions to the incentive problems induced by MEV, remains one of the major challenges before the project can be declared "feature complete". In this chat, we discuss key questions such as: what does it mean for Ethereum to be MEV resilient? What are future-proof solutions to MEV-induced problems? What are the main constraints for in-protocol vs out-of protocol solutions? We discuss these with an eye on future/potential protocol improvements and how these may impact the MEV ecosystem.

Chapter 2: Lay of the Layers in MEVconomics

This session will zoom in to give a focused view of MEVconomics in L1 and L2s, data availability layers, restaking and liquid staking protocols, and cross-domain settings.

- [MEVeconomics in L2 - A closer look at the Sequencer's Role and MEV](#)

([Slides](#) | [Video](#)) - [Patrick McCorry](#)

- [MEVconomics for modular blockchain stacks](#)

([Slides](#) | [Video](#)) - [John Adler](#)

- [The MEVconomics of bridging](#)

([Slides](#) | [Video](#)) - [James Prestwich](#)

- [Restaking and MEV: Mycelial partnerships in the dark forest](#)

([Slides Thread](#) | [Video](#)) - [Sreeram Kannan](#)

- [Panel | MEVconomic Security in Liquid and Restaking Protocols](#)

([Video](#)) - [Sreeram Kannan](#), [Hasu](#), [Tarun Chitra](#), [Ben Fisch](#) (Roasted by [Jon Charbonneau](#))

Chapter 3: A MEVconomics View of Distribution Mechanisms

This session will discuss MEV distribution mechanisms and consider MEV-aware mechanism design.

- [Ordering so fair it ain't fair ordering](#)

([Slides](#) | [Video](#))- Tarun Chitra

- [It's my MEV and I want it now](#)

([Slides](#) | [Video](#)) -Tom Schmidt

- [Auctions, privacy and a cat](#)

([Slides](#) | [Video](#)) -Quintus Kilbourn

- [Quantification of MEV sharing design \(OFAs\)](#)

([Slides](#) | [Video](#)) -Danning Sui

-[Staking, Lending, and MEV: One Model to Rule Them All](#)

([Slides](#) | [Video](#)) -Kshitij Kulkarni

- [Panel |Speedrunning Finance: Latency in MEV](#)

([MJ's Infamous Arc Board](#) | [Video](#)) - Eric Budish, Tarun Chitra, Phil Daian (Roasted by Michael Jordan)

Please reply to this post with any questions you would like to submit to our speakers for the question periods after their talks.