Hey Everyone, I wanted to share some thoughts on the two main proposals being discussed within this governance channel, and why I think we should be championing a UNI/ETH farming pool before any retroactive airdrop that @nadav_dharma and the rest of the Dharma team have been proposing. This proposal is in no way questioning the merits of the retroactive airdrop. As an analyst working in this space I have my own opinions on it, but it will ultimately come down to governance to decide what to do. That is what is nice about governance tokens, my opinion doesn't matter.

To discuss why I think a UNI/ETH rewards pool should come before any retroactive airdrop, I want to take a high level look at what has worked over the past few months in during the yield craze. To me the what has surprised me the most has not been the amount of capital going into farming (You can see growth in TVL here: https://defipulse.com/) but the speed at which this capital has been rotating to different assets. There is no other asset class where billions of dollars can rotate investments in a few clicks at 3am on a Sunday night

But to me this makes it clear that these new assets have no investible moat. That has lead me to ask what does have a moat, and what else is benefiting from this trend when looking at how to invest. To me this is pretty clear, it is the underlying assets that are used to earn yield in almost all new farming projects. This is your YFI's, SNX's, LEND's, and LINK's. These have all been assets used to farm in multiple farming projects from YAM to Kimchi, and all saw increases in price because of it. I see this because of two reasons. The first being it locks up a significant percentage of the circulating supply causing a liquidity crisis on the buyside. With high yields, more people look to buy the underlying asset to capture that yield, causing a recursive feedback loop to the upside. The second and more important is that it gives an additional use case to a governance token. The token is making people money rather than just a say in governance

I discussed this more in another thread about whether the fee switch should be a dividend or a token burn.(Message 47, [POLL] How Would We Structure a Fee Reward?) Alittle different, but apply the same line of thinking here.

Turning towards a UNI/ETH pool. By having UNI as an underlying asset to earn more UNI we would accomplish both of the two things outlined above. We would lock up a significant chunk of UNI and holders of UNI would make money/earn yield rather than just a say in governance, and ultimately help end the sell pressure that UNI has been seeing. It would also begin pulling UNI off of centralized exchanges, which I think is everyone's goal.

This should be done before any vote on either retroactive airdrop proposal because it will provide a way for the new UNI holders to make more money instead of just seeing 400 UNI offers across all exchanges. I believe a UNI/ETH rewards pool will have a significant impact on slowing down any dilution in the form of retroactive airdrops as well as begin building a price floor for UNI overall, and would love to see this proposal up for a vote and active before any retroactive airdrop proposals. I am happy to answer any questions or concerns to what I have outlined above. Long UNI.