

I tried to write down a very generic point of view – from first principles – on how to start looking at tokenomics of Web3 systems (with proof of stake and utility tokens). See <https://www.cs.huji.ac.il/~noam/pages/Tokenomics.pdf>

The basic claim is:

(1) The main “micro-tokenomic” issue is that of determining transaction fees. The claim is that these should best be set to be the marginal costs of transactions, including congestion costs (rather than, e.g., the average costs).

(2) The main “macro-tokenomic” issues are that of determining the minting rate and the staking rewards. The claim is that new minting should be used to pay for staking “capital costs” (hence in effect covering transactions’ fixed costs) and is to be set at a level that results in a staking rate that provides sufficient security.

Will be glad for any feedback / opinions / other points of view.