The ticker is ETH

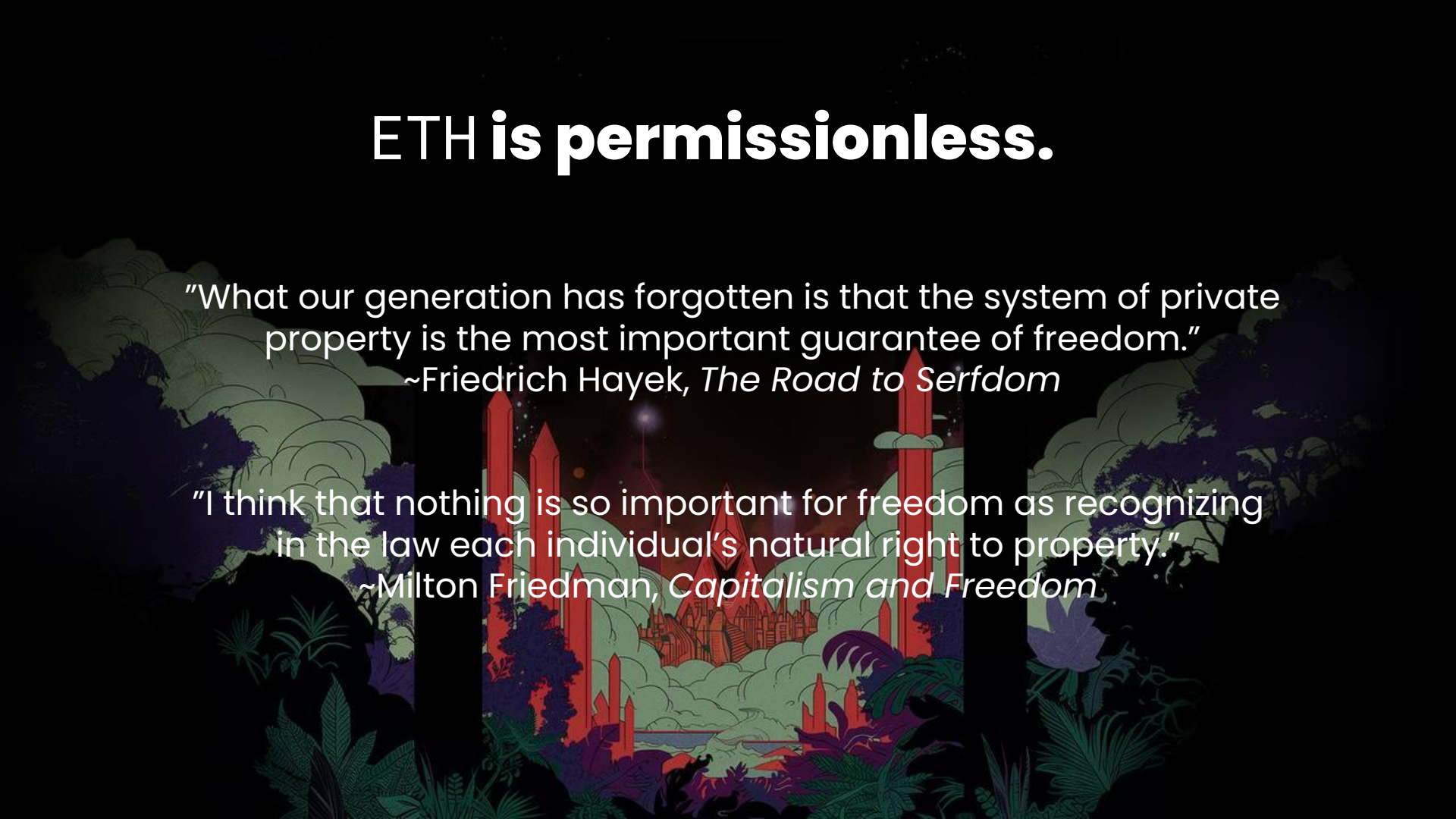
alt. ETH is permissionless money

mike neuder

bankless summit, DEVCON SEA

nov 16, 2024

ETH **is permissionless.**

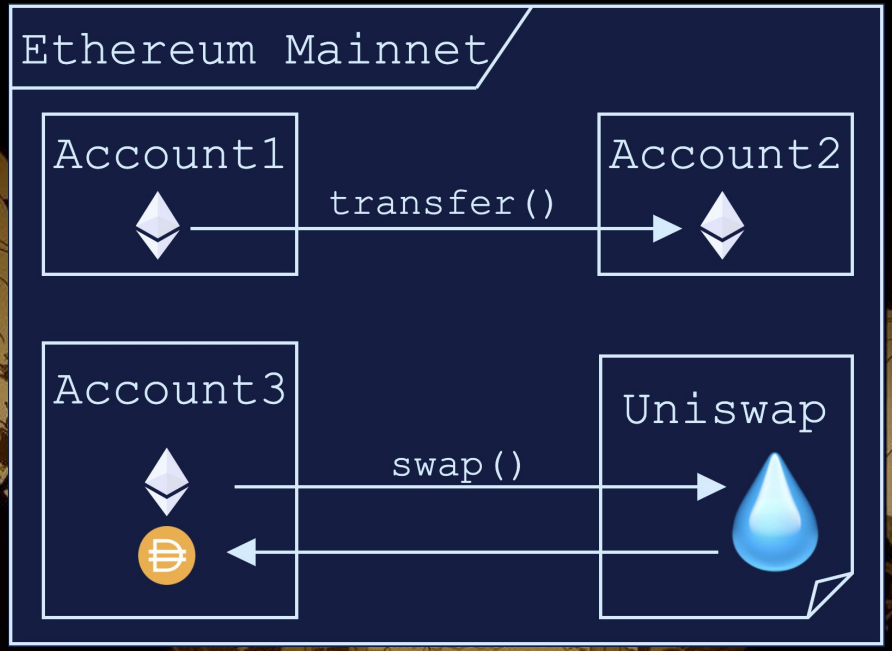


"What our generation has forgotten is that the system of private property is the most important guarantee of freedom."
~Friedrich Hayek, *The Road to Serfdom*

"I think that nothing is so important for freedom as recognizing in the law each individual's natural right to property."
~Milton Friedman, *Capitalism and Freedom*

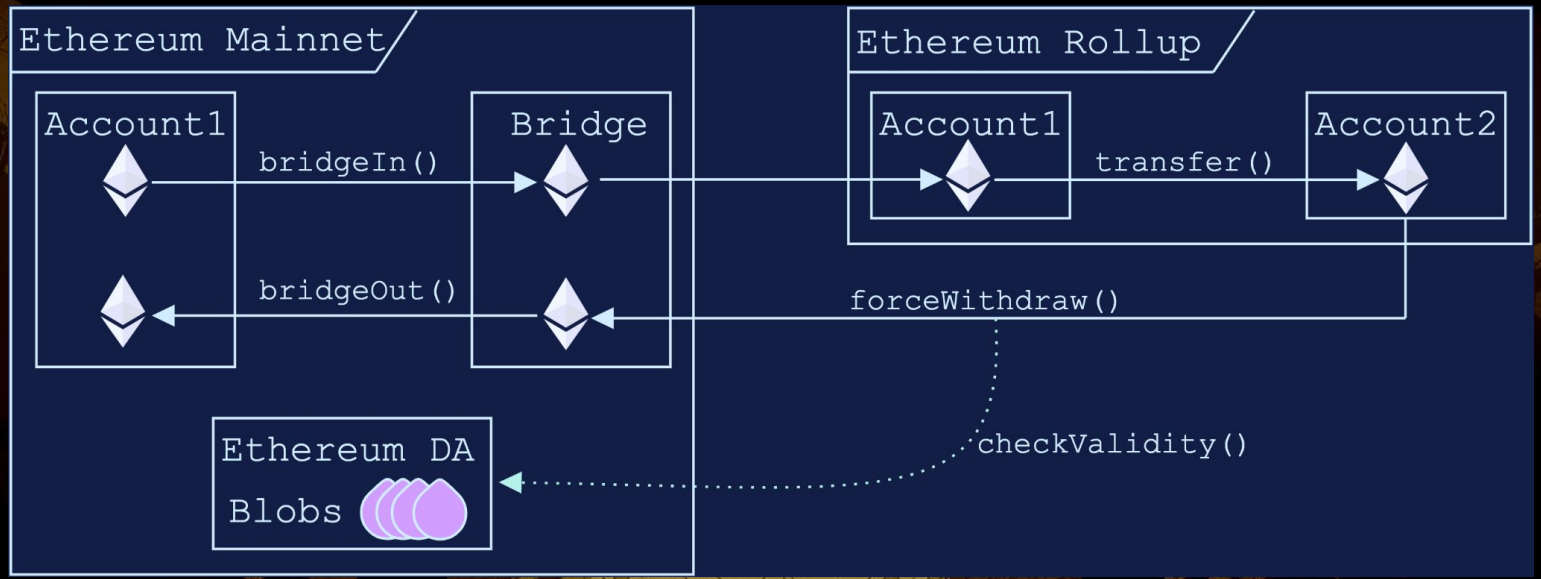
Property rights of ETH on the L1.

Anyone can permissionlessly store, send, and program ETH, the native asset.



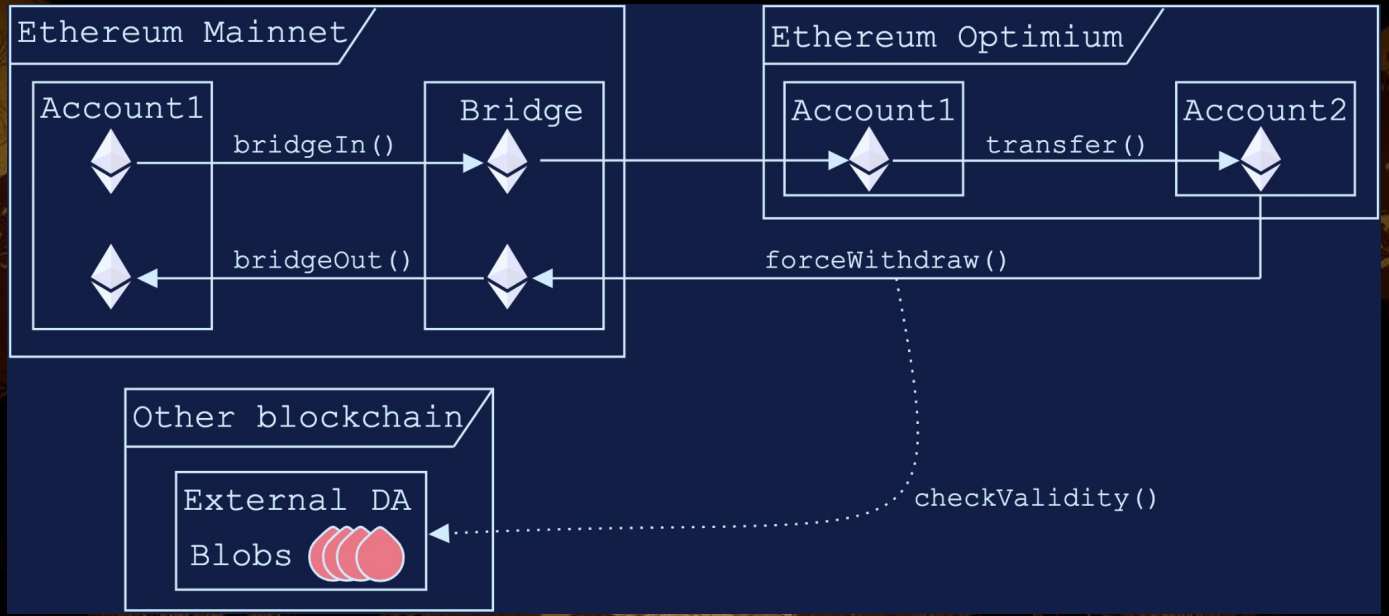
Property rights of ETH on rollups.

Anyone can permissionlessly bridge ETH in and out of rollups.

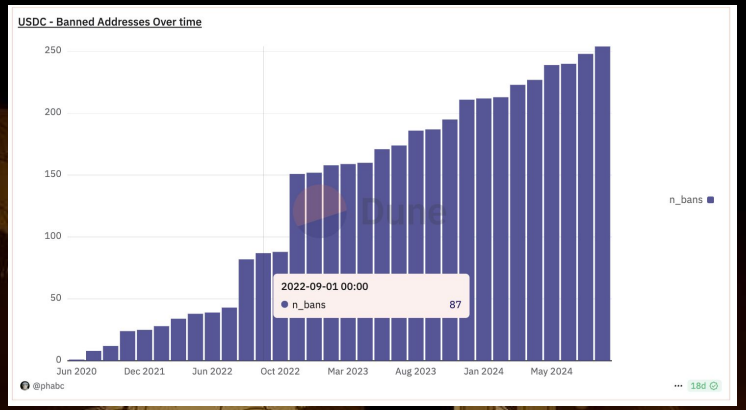


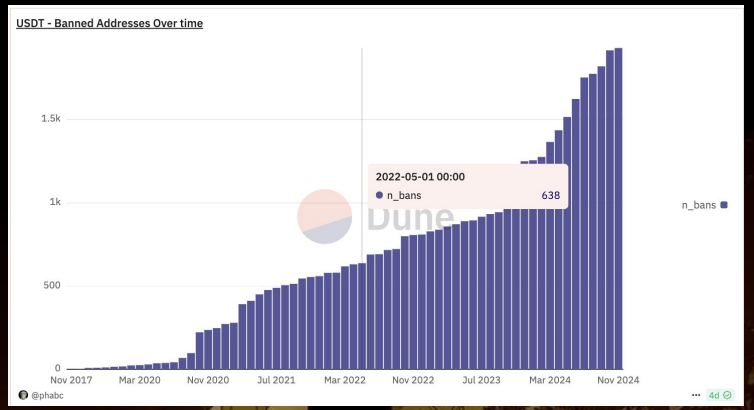
Property rights of ETH on non-Ethereum DA L2s.

If the external DA layer is live, anyone can permissionlessly bridge ETH in and out.

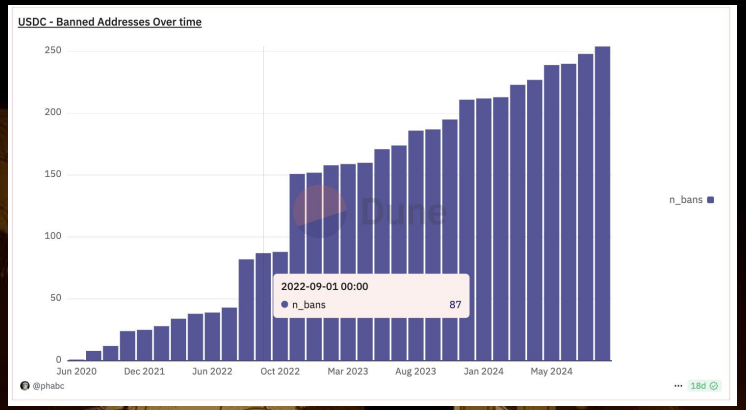


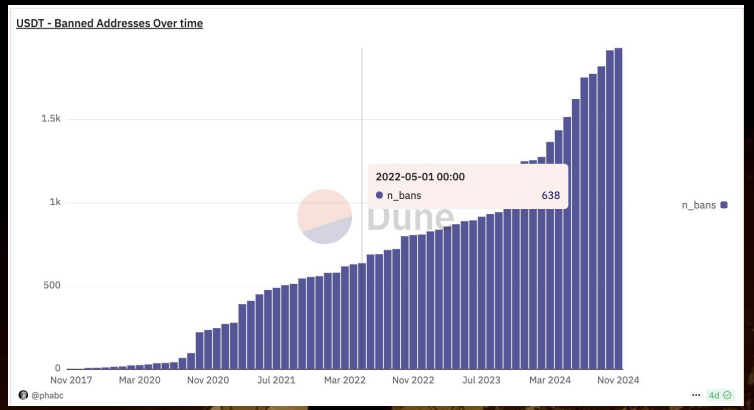
Aside: USD(C/T) have no property rights.





Aside: USD(C/T) have no property rights.





Canadian authorities freeze financial assets for those involved in ongoing protests in Ottawa


By Aya Elamroussi, Holly Yan and Amir Vera, CNN

5 minute read · Updated 8:48 PM EST, Sun February 20, 2022


CENSORED

ETH **is permissionless.**

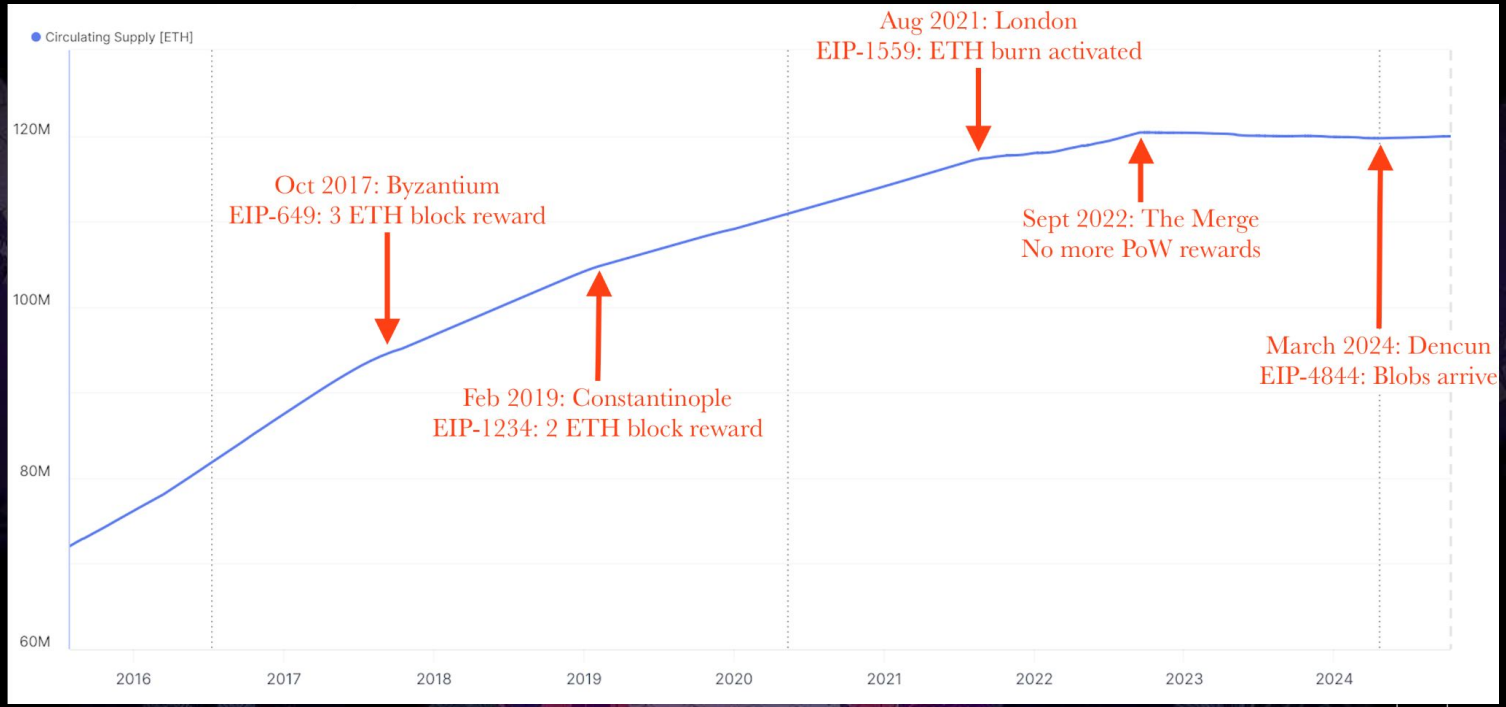
1. ETH is permissionless and programmable on the L1.
2. Rollups scale the property rights of ETH.
3. Property rights on non-Ethereum DA L2s depend on another chain.
4. USD(C/T) have no property rights.

ETH **is *money*.**

”By a continuing process of inflation, governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens.”
~John Maynard Keynes, *The Economic Consequences of Peace*

”Money has no essence. It's not ‘really’ anything; therefore, its nature has always been and presumably always will be a matter of political contention.”
~David Graeber, *Debt: The first 5,000 years*

A brief history of the ETH supply.



Current ETH inflation.

- 120mm ETH Supply
- 34mm ETH Staked (≈28%)
- 3.25% Yield

→ 34*0.0325 = 1.10mm ETH per-year

→ 1.1/120 ≈ 0.9% annual inflation

Current SOL inflation.

- 588mm SOL Supply
- 400mm SOL Staked (≈68%)
- 7% Yield

→ 400*0.07 = 28 mm SOL per year

→ 28/588 ≈ 4.7% annual inflation

→ 5x higher than ETH inflation

Current BTC inflation.

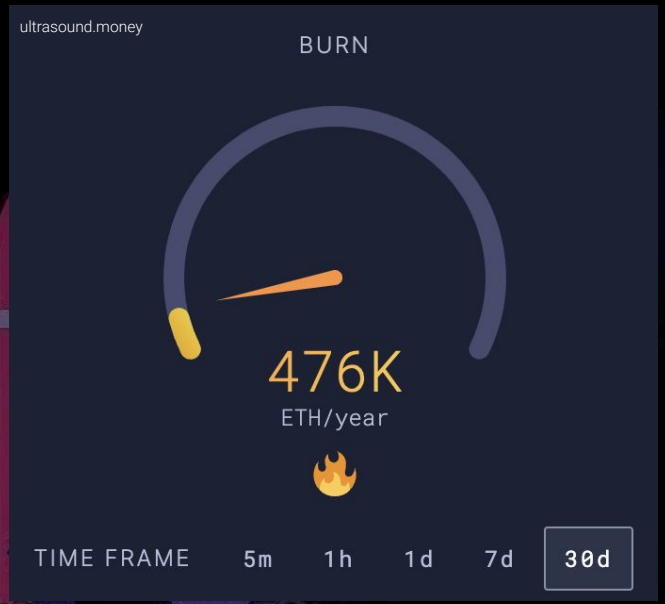
- 19.78mm BTC Supply
- 3.125 BTC per-block
- 52560 blocks per year

→ 164250/19.78mm ≈ 0.8% annual inflation

→ About the same as ETH inflation

Burn from L1 transaction fees.

- Currently at 476k ETH per-year.
- Depends highly on market conditions.
- Absorbs large amounts of inflation (reminder: inflation is about 1mm ETH).



Burn from blob fees (L2 usage).

- "DA layer with 128 blobs/slot could support around 2 Ggas/s."
- ~95k transfers per-second
- ~6k swaps per-second

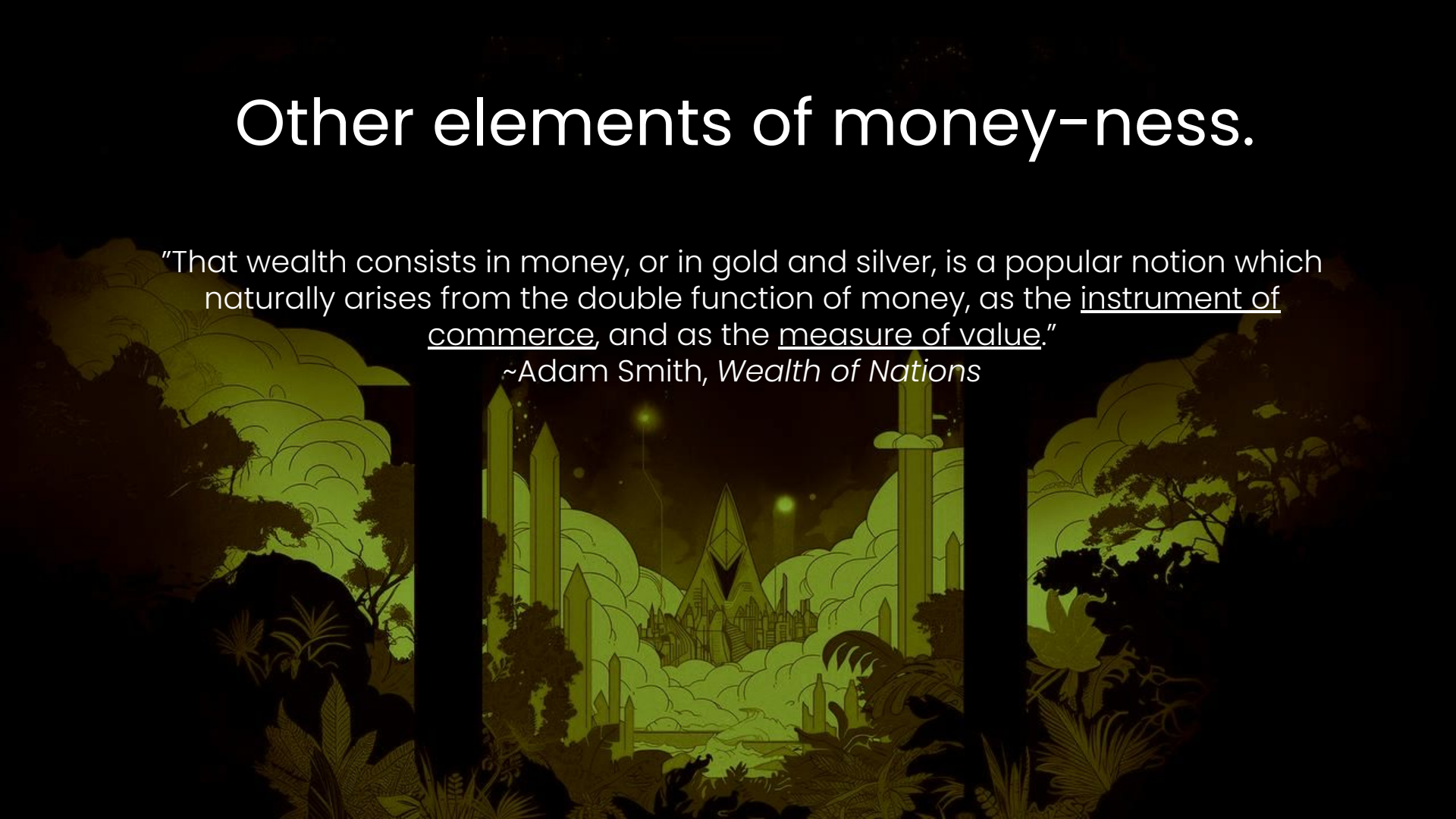
To fully offset the issuance:

- 95k transfers per-second spend 0.001 dollars per-txn.
- 6k swaps per-second spend about 0.015 dollars per-txn.

TL;DR. L2 transaction fees can stay low and burn a lot of ETH.

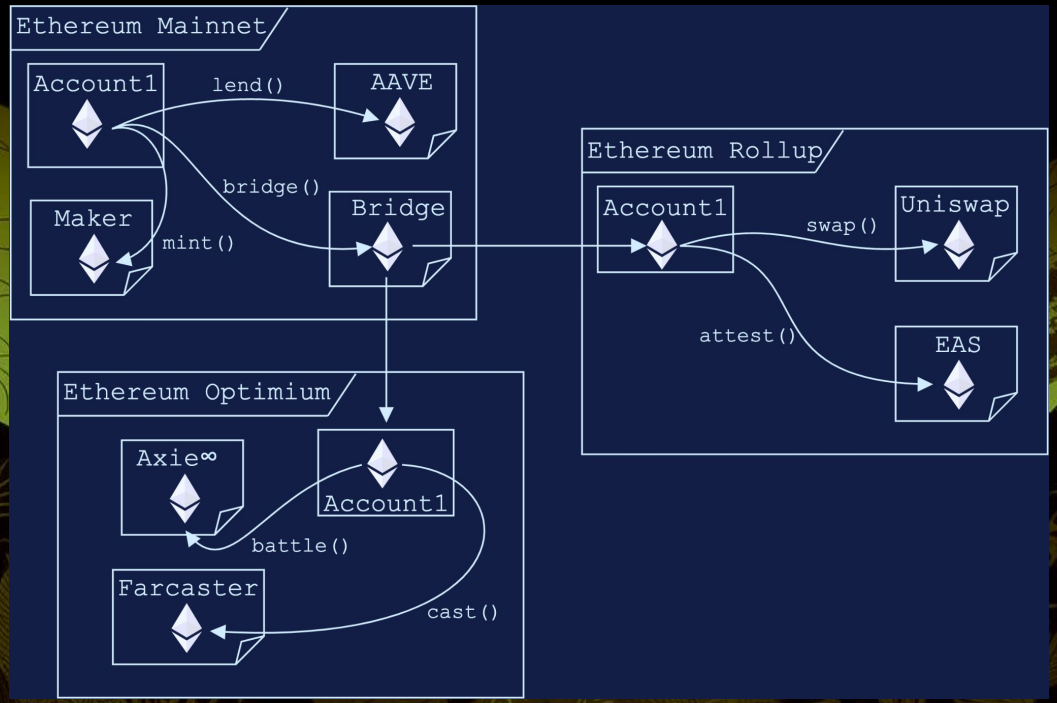
Other elements of money-ness.

”That wealth consists in money, or in gold and silver, is a popular notion which naturally arises from the double function of money, as the instrument of commerce, and as the measure of value.”
~Adam Smith, *Wealth of Nations*



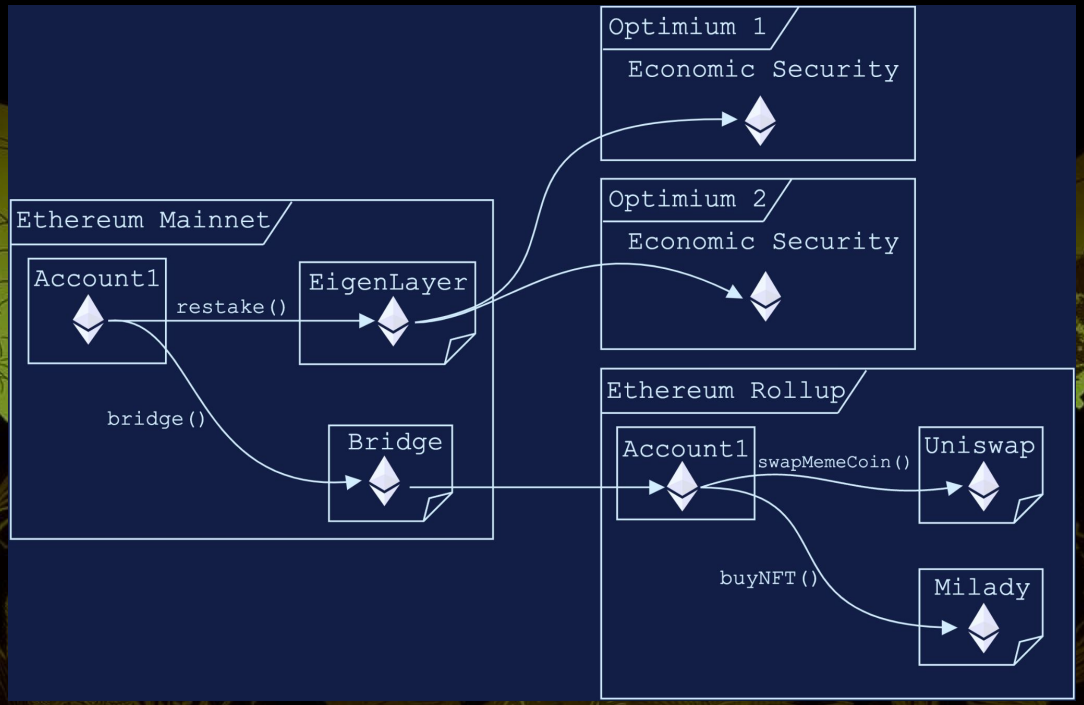
ETH as a Medium of Exchange.

ETH is the natural “instrument of commerce” for paying gas and for use in applications.



ETH as a Unit of Account.

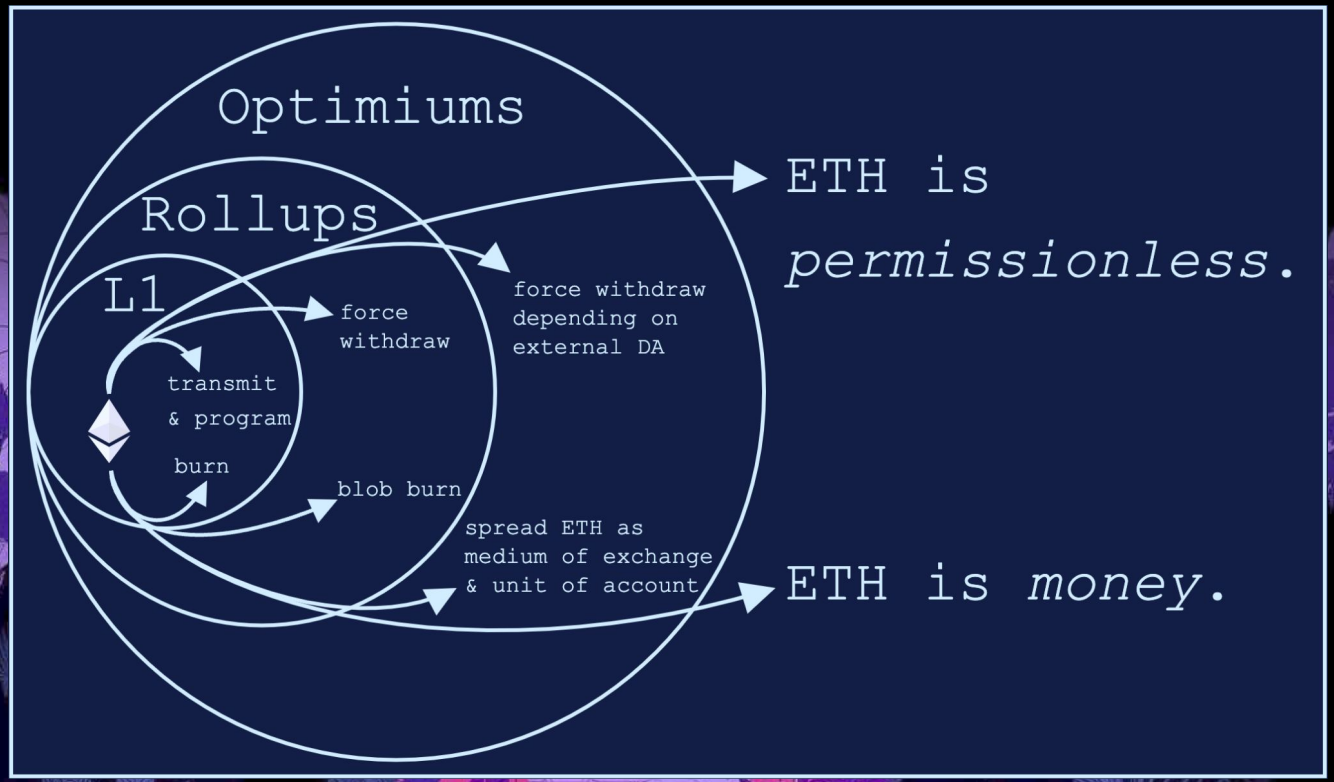
ETH is the default “measure of value” for pricing and for economic security.



ETH **is *money*.**

1. ETH supply is stable.
2. ETH inflation is low *and* sustainable.
3. L1 burn offsets half of the inflation.
4. L2s burn a lot of ETH while preserving sub-cent txns.
5. ETH is a Medium of Exchange.
6. ETH is a Unit of Account.

The full picture.



Thank you!

mike neuder
ethereum foundation research
@mikeneuder