

CS-234

Technologies for
Democratic society

Fall 2021

Week 9

Market-based decentralized coordination mechanisms

- Crowdfunding - Kickstarter, ICOs, DeFi, NFT
- Prediction markets
- Quadratic voting

Crowdfunding

- Purpose: raise funds to pay for "public good"
- Upsides: disperses risk & cost among many
"no strings attached" quick!
gauge market interest, get feedback
"better optics": not just a pet project,
broader interest base
"more democratic"? free advertising
- Issues/downsides:
 - usually no community "ownership" of result
 - except token/ICO model - tradeable, usable?
governance?
 - heavily dependent on perception, marketing
 - limited/no accountability
 - good of everyone or only (rich/affluent) few?

Prediction markets

- predict future events, pricing outcomes
- upsides: revealing "good" / accurate / precise information
information as a public good
rewarding people for collecting, exposing info
- issues / downsides:
gambling! legal / ethical issues, addictiveness
is the revealed information "good"? unbiased?
over-hype risk, bubbles
is relevant information actually widely available?
risks of corruption, manipulation

Quadratic voting

- each voter has same (equal?) "voting token"
- can "buy" positive or negative votes
pay square of # votes cast