

Futarchy, Today

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CCE

futarchies in crypto

Futarchy: *vote on values, bet on beliefs*

→ Prediction markets for governance

Main branches:

- Token-price futarchy: MetaDAO
- Metrics-driven futarchy: Conditional Funding Markets (CFM)
→ Uniswap, Optimism Q1 2025

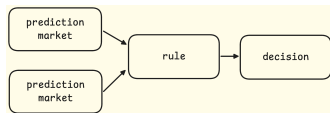
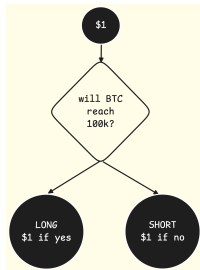
conditional markets

Prediction markets!

- Market Scoring Rules (Hanson 2003): differential PSRs
- AMM, CLOB

You said conditional?

- Decision Markets (Hanson 1999):
PM + decision rule
- Learn
 $\mathbb{P}(\text{desirable outcome} | \text{decision is made})$
- Truthful \rightarrow reduce bias



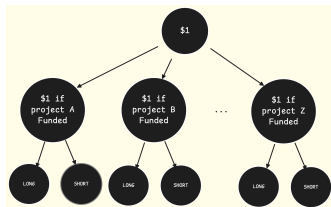
conditional funding markets (CFMs)

What about funding?

- Projects compete for capital
- Maximize a metric
- Optimize ROI (knapsack)

Why not token-price futarchy?

- Confounding
- Fundamental value
- Avoid beauty contest



Research Questions

- Validation
 - Interpretability of prices
 - Controlled trials
- MSRs, a double-edge sword
 - + elicit counterfactuals
 - - costly, require full support over outcomes
 - combine with other peer prediction mechanisms?
- Decision selection biases:
 - Impact of new information
 - Manipulation
 - Observation period design → experimental economics
- Extractible value and innate utility
- AMM liquidity
 - information buyers produce subsidies
 - rationalize participation: pm-AMM
- The normative requirement!
 - who defines objectives?
- + Prediction markets research. . .

Thank you!

Governance Games Research:
ggresearch.ch

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