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Welcome back to the Unfinished newsletter, where we explore the intersection of tech, ethics, and social impact.

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What we're thinking about

We're thinking about DAOs, or Decentralized Autonomous Organizations. DAOs were all the rage in the last few years, as prices of cryptocurrencies led to more people and money flooding into the blockchain and web3 sector.

But are DAOs here to stay? This week we're breaking DAOwn everything you need to know about DAOs. 🤔

What are DAOs?

Decentralized Autonomous Organizations have been described as “a group chat with a shared bank account.”

A DAO is a new internet-native legal structure that doesn't have a central governing body or leadership. DAOs are formed to achieve a certain purpose: anything from running a commercial operation, to organizing and collaborating freelancers, to grant-making and charity, to building an online community of friends.

Unlike other corporate legal structures, decisions are collectively made by DAO members. Not only do DAOs distribute the decision-making to multiple people, but they also distribute the ownership of an organization to its members. In this respect, DAOs are not dissimilar from co-ops.

But DAOs are internet-native, where the governance, decision-making, and ownership of a DAO is tracked on the blockchain. Members buy, earn, or are awarded digital tokens that can give them an ownership stake of the DAO itself and permission to vote in its governing decisions.

The “legal documents” of a DAO are smart contracts, or lines of code that stipulate certain if-then statements. For example, a smart contract might dictate that if more than 50% of the DAO’s owners approve a certain decision, then money is wired from one bank account to another.

Prominent DAOs

Estimates from earlier this year put the number of DAOs **around 4,000**. They come in every shape, size, and purpose. Here are a few examples of different DAOs:

OrangeDAO: OrangeDAO is a DAO-based VC fund investing specifically in previous Y Combinator founders who are building in the crypto ecosystem.

Gitcoin DAO: Gitcoin DAO is a grant-making DAO created to fund and support open-source projects working in the decentralized finance (DeFi) space. It has funded over **\$49 million** to over **3,000 projects**.

Braintrust: Braintrust is a user-owned talent network and job board that connects talent with employers, where the talent controls the platform.

Friends with Benefits: FWB is an online social club for creatives in crypto that was profiled by **The New York Times** earlier this year.

UkraineDAO: UkraineDAO is a DAO that has raised over \$7M through the sale of NFTs of the Ukrainian flag to support Ukraine’s war effort.

ConstitutionDAO: Created to buy a rare copy of the United States Constitution. It raised over \$47 million from donors who gave an **average donation of \$217**, only to lose out in a Sotheby’s auction. This DAO is now defunct.

Okay, but why?

But are all the smart contracts, distributed voting, and online complexity more trouble than they’re worth? For many believers, DAOs have real benefits.

- **Decentralization**: Decentralizing decision-making, power, and ownership is regarded as a new model for the internet and a departure from the web2 era where large tech platforms owned and controlled user data.
- **Transparency**: Because everything is transparently published on the blockchain, many see DAOs as a more transparent and honest way to conduct business than the ways large tech platforms have concealed how they make decisions and how their algorithms work.
- **Participation and Community**: When organizations are collectively owned by a community, advocates believe it invites greater participation,

stronger ties between members, and a more powerful sense of collective responsibility.

Critics point out that many DAOs are not that decentralized or autonomous.

Charley Johnson, a tech and society writer behind the excellent newsletter [Untangled](#), argues that “the problem for DAOs, as posed by decades of research, is that the removal of formal structures does not actually level the proverbial playing field — it only leads to informal structure and hierarchies.”

Chainalysis analyzed the distribution of ten major DAOs’ governance tokens, and found that across many of the major DAOs, [less than 1% of all holders have 90% of the voting power](#). Not exactly living up to a vision of “power to the people.”

And others point out that DAOs aren’t truly autonomous. A DAO’s autonomy stems from the fact that smart contracts contain both the ground rules of the DAO and can automatically execute those rules based on the decisions of its members. But it still requires significant human effort to design and manage a DAO. Things break, there are disputes, and smart contracts need to be renegotiated as things change.

The Future of DAOs

The question remains: is it better to put code at the center and people at the periphery? Do DAOs represent a more democratic, participatory, and decentralized way of organizing that is an upgrade on corporate structures and a departure from the centrally-controlled internet of the last 20 years? Or is it better to think of DAOs as an experiment in internet-native organizing and coalition-building? Will we see DAOs replace labor unions? Will DAOs form political parties? Will people choose to create a DAO instead of incorporating a business?

Unfinished Network Partners are exploring how DAOs can be a part of the future web.

[The Metagovernance Project](#) is an interdisciplinary research collective that builds standards and infrastructure for digital self-governance. They are experimenting with DAOs and exploring how the new generation of online communities is changing the rules of online governance. Their founder, Joshua Tan, was on an illuminating panel at Unfinished Live, “[Are DAOs the future of collaboration?](#)”

[New_Public](#) is also studying how the next generation of social networks like DAOs and Discord communities will be “spaces that feel more ownable, governable, and safe than the legacy commercial platforms,” according to their [October op-ed in WIRED](#).

Unfinished supported [Ashoka](#) to create a [learning series on the decentralized web](#), which included robust discussion on DAOs and mutualism.

It's still early days for DAOs, and we're excited to see how these experiments in self-governance, distributed ownership, and online communities translate into new models for the future.



Other notable headlines

💬 The Center for Countering Digital Hate, the Anti-Defamation League, and other researchers have found that hate speech is on the rise on Twitter after Elon Musk purchased the platform. Racial slurs against Black Americans have increased 3x from 1,282 slurs per day on the platform before Musk took over to 3,876 per day. Slurs against gay men are up 58%, and antisemitic posts are up 61%. [The New York Times](#) reports that researchers said they have not seen such a sharp an increase in hate speech, problematic content and formerly banned accounts on other social media platforms.

🇨🇳 As people across China demonstrate against the government's stringent COVID restrictions in Beijing, protestors are beginning to receive phone calls from the police inquiring about their participation in demonstrations.

[According to CNN](#), Chinese police are using cellphone signal data to track protestors in the vicinity of demonstrations, and then mandate that people report to the police station for further questioning. The Chinese security apparatus is moving aggressively to quell protests, and with its cellphone tracking, some protestors are switching their phone to airplane mode while they demonstrate.

📱 According to [an article in Bloomberg](#), the "blackout challenge" popular on TikTok—where children choke themselves with household items until they black out, film the adrenaline rush they got regaining consciousness, and then post the videos on social media—has been linked to the deaths of at least 15 kids age 12 or younger in the past 18 months. Underage kids routinely login to TikTok (70% of US children have a cellphone by the age of 12), and TikTok is struggling to balance concerns that it is surveilling its users with the pressure to adopt facial age-estimation software that can help prevent underage users from accessing the platform. The Social Media Victims Law Center has brought more than 40 lawsuits against major social media platforms like TikTok alleging mental health harms, social media addiction, and wrongful death.

👗 In 2022, over 11.5 million creators made 62 million clothing and accessory items on Roblox alone, and there are now fashion stylists who are specifically creating and curating outfits to be worn in the metaverse and other virtual spaces. As users in spaces like Decentraland and Roblox seek help dressing and styling their virtual avatars, the demand for virtual stylists is on the rise, according to an article in the [MIT Technology Review](#). One stylist, who charges \$49 per curated outfit, said that metaverse styling accounts for 20% of

her income. One benefit? Metaverse stylists can play with experimental and wildly creative looks that wouldn't be possible in real life. Consider pairing with [this video from Unfinished Live](#) that covers the politics of subversion in art, activism, and digital spaces.

Thank you for reading.

Follow Unfinished ([@byUnfinished](#) on Twitter and [@thisisunfinished](#) on IG) for ongoing chitchat on the changing web.

Have a great, restful weekend.

The Unfinished team

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