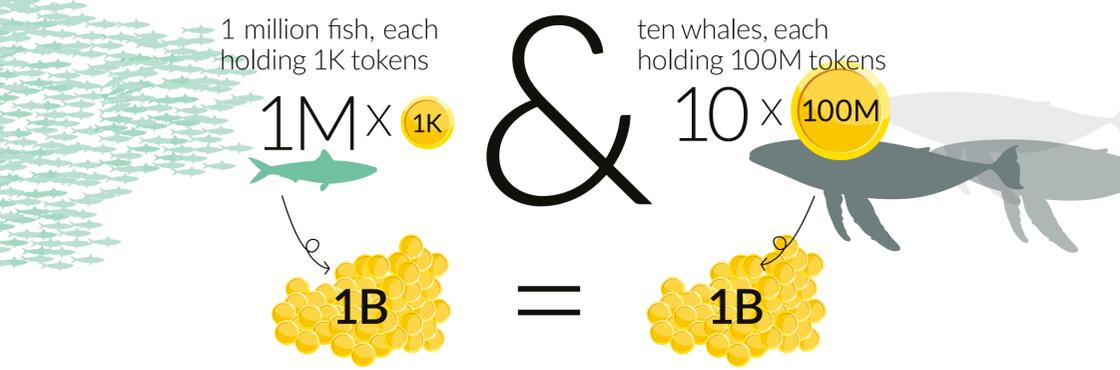


Democonomy Voting: Resolving the Voting Power Dilemma

A Story of Fish and Whales

Imagine an economy consisting of:



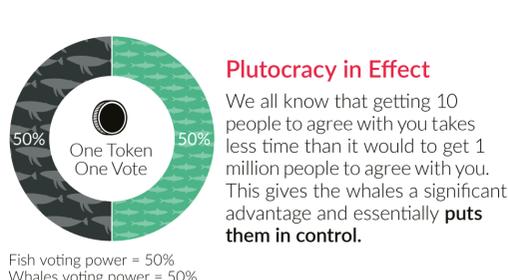
When a problem arises in the ecosystem and decisions need to be made, how do we determine voting power to best serve all parties?

There are two common methods to distribute voting power:

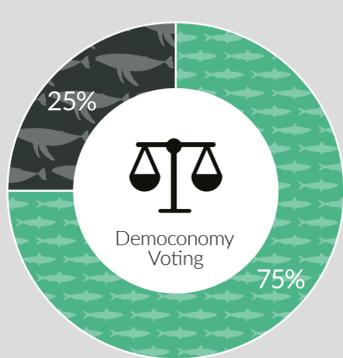
01 Participant-based: Each participant gets one vote

02 Stake-based: Voting power is proportional to holdings Used in corporations and many crypto-projects

But these two methods have their shortcomings if used in our ecosystem:



Introducing Sögur's Democonomy* Voting:



How does it work? both stake-based and participant based are used. However, the weight each is given depends on the concentration of wealth in the economy. If much wealth is concentrated in the hands of few, then the weight of stake-based voting will be relatively low and the weight of participant-based voting relatively high. If wealth is more evenly dispersed, then the stake-based and participant-based weights are more balanced.

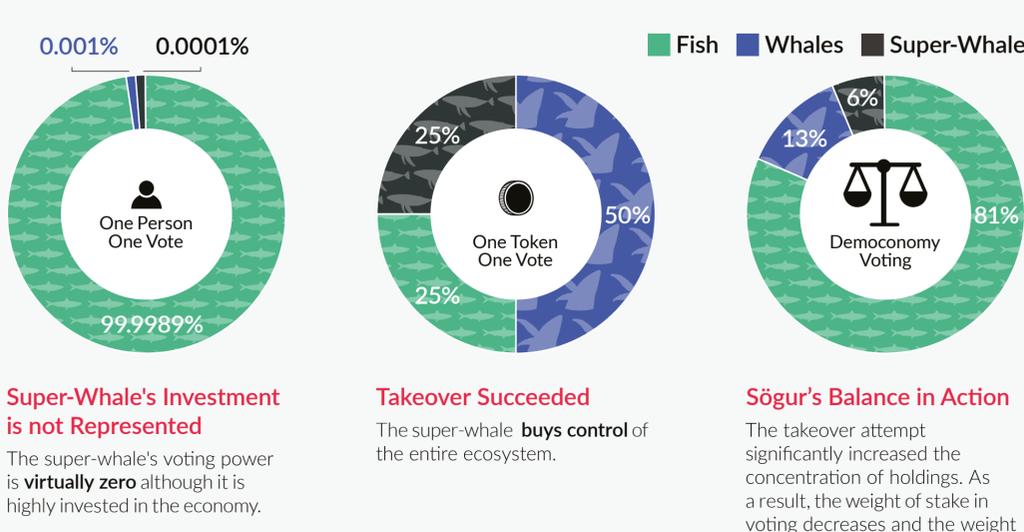
For measuring concentration we use a standard statistical measure of dispersion - commonly known as the Gini coefficient*

In effect, we are turning the Gini coefficient from a passive measure into an active power balancing tool.

* Democracy + Economy
 *The Gini index is a common measure of inequality when it is used to measure the dispersion of income. We use it to measure the dispersion of holdings.

Now, imagine that a **very big whale** takes an interest in our ecosystem and wants to control it for his own purposes. They decide to buy two billion tokens, immediately doubling the size of the economy.

Will the super-whale gain control over the ecosystem?



Sybil Attack Protection
 Even if the super-whale managed to split their holdings between 1,000 different accounts, they would only gain a marginal addition to their voting power.

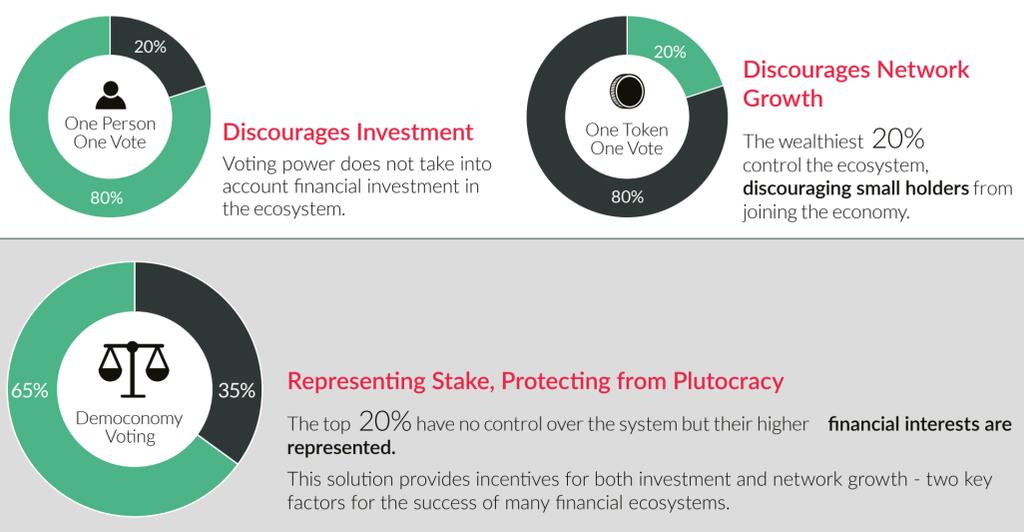
A Real World Scenario

20% of the population holds 80% of the wealth.

A more realistic distribution of holdings is the **Pareto distribution** where:



So how would the voting power methods work in a real world scenario?



*According to the commonly accepted Pareto principal for wealth distribution

By balancing between participation and stake, Sögur's Democonomy Voting promotes a sustainable, growing economy, where both people and money count.

