Description

Scientists receive payments for their experiments through research grants. Research funding is critical to what scientists are able to do. This means that research funders have a lot of power. Without meaning to, they can influence what questions research institutions try to answer. After all, they can only work on what they have been given money to do. This process may skew how research is done. This is why independent funding is important.

Academic Research and Cryptocurrency

Researchers get money from the public and private sectors. In addition, the system of getting grant funding is not easy. Scientists spend a lot of time competing for grants given by research funders. Large companies or the military may fund academic research. Of course, each funder will have their own interests in research that benefits them. This means that funders decide what scientists will study. However, lack of funding for other areas can prevent worthwhile research from happening.

Private institutions tend to have more resources than public ones. Private research institutions also tend to win more research grants. This creates a situation where private institutions can spend more on academic research. This makes them leaders in research which makes it even easier to attract more funding. This cycle makes it even more difficult for public institutions to win grants. Without grants, how will they improve their research output?

Cryptocurrency is a possible independent source of research funding that could solve some of these problems. Cryptocurrencies might be the fastest growing type of asset in 2017. With the United States Treasuries almost at record lows, many investors are turning to alternative asset types. Cryptocurrencies also have a massive growth potential. They could serve as an additional source of funding for research institutions.

Cryptocurrency Investment

A recent paper suggests that cryptocurrency should be used to help fund academic research. It also states that university endowments became more successful as their details became publically accessible. The cryptocurrency ledgers are open and decentralized. This results in a high level of transparency. It is easy to see how funds are earned and spent. Transparency encourages support.

For example, real-time crowdfunding models work best when the total raised is displayed.

Cryptocurrencies can fund individual projects. It can also be used to raise large sums of money. This money could be used to start an institute for research. This is what Sean Parker (the first president of Facebook) did. He donated $250 million to start the Parker Institute for Cancer Immunotherapy (PICI). PICI does not need to meet goals set by a research funder. They are free to pursue cancer research in any direction necessary. There is also the freedom to do the kinds of basic research that traditional grant funding may not support.

Research institutions could buy staking coins and reinvest them. Dash and PIVX are examples of staking cryptocurrencies that can earn dividends. However, they are prone to extreme price changes. Their dividend features tend to offset these variations. These cryptocurrencies could, therefore, be used as a lucrative addition to a research funding portfolio.

The authors of the paper actually invested in Dash and PIVX to prove that their idea could work. They also created an investment model that used central hubs to generate capital. All the hubs, or masternodes, belong to a pool of funds. Together, they create dividends. Once the dividends pass a certain amount, the excess capital is used to start a new masternode. In this way, the amount of dividends earned continually increases.

The Future of Research Funding?

Cryptocurrency can also become a lucrative investment. The authors earned significant returns on their money using Dash and PIVX. This shows the potential of cryptocurrency as a source of funding. It would not be wise to rely solely on cryptocurrency though. Cryptocurrencies could be useful as an additional source of research funding.

Using an initial coin offering (ICO) is one way to raise funds. To take full advantage of this, the ICO would need good publicity. Without this, the ICO could become under-valued. Over time though, confidence in ICOs should rise. These ICO funds also generate funds independently of the coin value. This should lead to these cryptocurrencies becoming valued by their intrinsic worth alone. If research institutions invested in this way, they could have a pool of funds for research. Unlike traditional research money, they wouldn't be restricted in how they use it. They could be free to pursue basic research questions. (Most grants tend to support translational research).

Traditional research funding is not easily accessible. Research funders have specific areas that they want to focus on. This can stifle research in other areas and this bias can affect the progress of academic research. Research institutions, therefore, benefit from independent funding. Previously, there was no other way to get grant funding. With the introduction of cryptocurrency, researchers could begin to bypass the traditional system. If research institutions used a dividend reinvestment approach to cryptocurrency they could supplement their funding. For the first time, they would have an independent source of money.

Have you tried any of the various cryptocurrencies? Do you think cryptocurrencies can supplement the traditional research funding model? Let us know your thoughts in the comments below!

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Date Created
2017/11/22
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