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Stewarding NFTs: Yes, No, Maybe So?

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Abstract

"God's kingdom extends to all corners of the universe, including the digital realm."

Posting about the responsible use of non-fungible tokens from *In All Things* - an online journal for critical reflection on faith, culture, art, and every ordinary-yet-graced square inch of God's creation.

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Stewarding NFTs: Yes, No, Maybe So?

Jesse Veenstra

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Over the past couple of years, you may have seen a news article, social media post, or heard someone mention “NFTs.” Most likely you had no idea what they were talking about—only one in three people have a general sense of NFTs.¹ With the continued popularity and growing application of cryptocurrency and blockchain technology, non-fungible tokens (NFTs) reached the public eye in early 2021. In the same year, the Christine Auction House sold a Beeple collage for \$69 million, while the Bored Ape Yacht Club NFT collection has had sales exceeding \$1 billion in the last year. In early 2022, the NFT market soared to an estimated value of \$7 billion.

Celebrities, businesses, artists, and religious organizations have embraced this new digital phenomenon. However, NFTs also face controversy around artificial scarcity, environmental concerns, greed and consumption, and wastefulness.

Non-Fungible Token?

First, what is a non-fungible token? The Webster dictionary defines fungible as “being something (such as money or a commodity) of such a nature that one part or quantity may be replaced by another equal part of quantity in paying a debt or settling an account.”² We exchange dollar bills readily among each other and consider them equal and the same, ergo fungible. Same with commodities like a bushel of corn. Even cryptocurrencies use fungible tokens; each bitcoin carries the same value. However, an original piece of art is non-fungible—one of a kind. The value depends on the artist, the size, medium, condition, and other unique aspects. A “token” provides the unique digital verification of ownership of a non-fungible item, utilizing blockchain technology to verify and track ownership. NFTs allow buyers to purchase a digital item, such as an image, animation, or gif.

They provide a rock-solid chain of ownership that cannot be corrupted. However, they do not prevent people from copying and pasting content; they only prove who owns the original. Framing this in artistic terms, anybody can copy and use a photo of the *Mona Lisa*, but there’s still just one *Mona Lisa*, owned by one entity. The value of the artwork depends solely on the ownership of the original, of which NFTs offer indisputable proof for digital assets, the same way a car title proves ownership of the vehicle.

Spending money on digital pictures, images, or animation may sound crazy to you. The value of any NFT is entirely arbitrary. But any collectible item comes with a set value. Who decides the worth of a piece of artwork, trading card, collectible coin, stamp, figurine, or model car? The value of non-fungible assets (both tangible and digital) depend entirely on the interested community.

Christians should not simply discount the new technology surrounding NFTs, but rather seriously discern the potential and dangers. NFTs open a new realm of digital ownership, creative content, and art. Given the rise in popularity and application, we must now ask questions about digital ownership's ethics and theological implications.³

Artificial Scarcity and Ethical Consumption

In our increasingly digital society (enter the Metaverse), NFTs offer a way to communicate an individual's "brand" or personality. People buy Chanel handbags, Rolex watches, BMWs, and other luxury items to exhibit status and wealth. NFTs offer a digital status symbol. Mira Fox writes, "Ownership of some NFTs, such as those from the Bored Ape Yacht Club collection, come with perks, such as being invited to fancy parties, and a big part of the whole NFT world seems to be hype, bragging rights and a certain cliqueiness you get access to when you buy in, something particularly emphasized by the blockchain technology, which creates a public record of ownership – so everyone can see that you're the owner of a hyped-up piece by Bepple. Value is relative, and pedigree has always been important in the art world; if anything, NFTs have simply boiled down the complex mathematics to pure prestige."⁴

In economic terms, real scarcity drives value. Beachfront property is scarce because you can't simply make more beachfront. Artificial scarcity places inflated value based on something with no functional advantages over an alternative, which is something the luxury industry often uses to drive prices up. Artificial scarcity capitalizes on the profound human psychological desire to own something others don't own. We use these sparse products to show others our "worth." Most of a digital good's value is to impress others in a limited social context. This is a feature of caution as Christians encountering and contributing to a 'scarcity' mindset. We know biblically that we should not be focused on seeking the approval of man⁵ or on our interests.⁶ Jesus teaches us that worry about possessions leads to anxiety.⁷ Danger follows when our identity becomes about what we have rather than who we are in Christ. We can celebrate the beauty and accomplishments of an artist rather than seeking to signal our own wealth or importance.

Environment Costs

One area of concern for Christian investors connects directly to environmental stewardship. The blockchain model of ownership for NFTs requires significant consumption of energy. NFT transactions flow securely through data mining within Ethereum. The Blockchain's PoW (proof of work) protocol requires expensive equipment and heavy energy consumption to operate and

manage NFT transactions. Like cryptocurrencies, the environmental impact of Blockchain is significant. While this is still a concern in 2022, I suspect Blockchain technology will continue to become more efficient and reduce energy consumption as the technology matures.

There are, however, some benefits to consider in our discussion of NFTs.

Supporting Artists

NFTs give artists and musicians the most financial control over their creations. In a traditional setting, musicians contract with a record label to distribute their music. The label controls the distribution of the music through third parties like Apple or Spotify. However, with digital ownership through NFTs, artists can easily prove ownership and earn income based on sales directly to listeners. The new delivery method gives another avenue for artists to distribute their work. Also, NFTs appeal to a new audience compared to traditional artwork and music. Some artists create beautiful digital artwork, pointing us to God's beauty and the works of the Supreme Artist through the purchase of NFTs. We support the work of talented artists.

Ownership transfer

The blockchain technology of NFTs delivers highly effective ownership transfer abilities, transferrable to many traditional applications. For example, ownership of a car title could be done digitally through an NFT. Conventional real estate transactions often take months to complete, but NFTs speed up the process and reduce the costs. Sporting events and concert tickets could become NFTs—easily verified and transferred. NFTs lessen the necessity for complex contract platforms. The technology opens a wide range of possibilities!

Conclusion

As Christians, we are called to steward our resources efficiently to glorify God. Our responsibility extends to every area of our lives, including new, complex technologies like NFTs and cryptocurrency. While the NFT market contains many of the tulip-mania and the beanie baby craze, the technology comes with various beneficial digital ownership applications.

God's kingdom extends to all corners of the universe, including the digital realm. Jesus' authority encompasses all aspects of society, and nothing exists outside God's perfect structure. As Christians, our responsibility is to glorify God, and as we discern our use of NFTs and investments, we make decisions recognizing the benefits, considering the drawbacks, and always seeking to steward creation wisely.

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2. Merriam-Webster.com. (2022). *Fungible*
3. McCaskell, S. M. C., & Miller, P. (2022, January 12). *The Case for Not Treating NFTs as a Scam*, Christianity Today, retrieved July 25, 2022 from <https://www.christianitytoday.com/ct/2022/january-web-only/cryptocurrency-blockchain-tech-gifs-digital-nfts-scam.html>
4. Fox, M. D. (2021, December 22). *You Can Now Buy the Bible in NFT Form, But Why Would You Want to?* The Forward. Retrieved July 25, 2022, from <https://forward.com/culture/479909/buy-bible-verse-nft-why-crypto-blockchain-ethereum/>
5. Galatians 1:10
6. Philippians 2:3-4 and Luke 12:15 warns, “Watch out! Be on your guard against all kinds of greed; life does not consist in an abundance of possessions.”
7. Matthew 6:19-34