

Twitter Thread by XRPatience

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1/18 How Flare makes you richer by encouraging participation in the network, making it better over time.

(Video version @ <https://t.co/KffCtIVVlo>)

A thread. ■

2/18 Imagine you lived in a country with a really high inflation rate, say 10%. That would be awful wouldn't it? Every year your money would be worth 10% less, so you'd have to hustle to earn at least 10% more each year just to break even.

3/18 But what if this country paid you to vote? Every month there was some kind of election, and if you participated by voting, you would get paid. Participating in all of the elections was enough to not only offset the 10% inflation, but get you a bit more buying power.

4/18 That's a pretty cool way to encourage people's participation in the democracy, right? But it wouldn't necessarily make the country better. A lot of people would probably just vote for anybody so they could get the reward and go home.

5/18 But what if the reward only went to the people who voted for the people that were most likely the best candidates? The people who got the most votes in the end are (democratically speaking) the best, and if you voted for one of THOSE people you'd get the reward.

6/18 That would encourage people to research the candidates to see who had the best/most popular ideas and platforms. If everyone learned about the merits of each candidate (or lack thereof), the citizenry would be much better informed. Huge benefit!

7/18 The people who just randomly vote for somebody risk not getting the reward, so ignorance and apathy are disincentivized. Imagine how much political FUD would be avoided if everyone was paid to be well informed? You can't trick informed people with FUD so easily.

8/18 This imaginary country is the Flare Network! Flare has an Oracle system, the inflation element of the network. Oracles are third-party services that provide smart contracts with external information. They serve as bridges between blockchains

and the outside world.

9/18 Blockchains/smart contracts can't access off-chain data, but Oracles can, and they provide that data to Flare. Spark (FLR) holders contribute votes/data for a price (either themselves or by delegating their vote to a 3rd party).

10/18 For instance, the FLR/XRP price is voted on by Spark holders. That's an important price because it dictates the amount of collateral that's held against the XRP contract, so determining the right price for it is crucial to its success.

11/18 The Oracle system is the heart of Flare, and it's inflationary. The inflation is 10% per year. Inflation wasn't required (unlike with POW/POS), but the Flare team saw the inflation as a way to encourage user participation that gives the network utility.

12/18 If you vote for a fair price (near the center of all votes), you get rewarded. If you're greedy and vote too high (trying to get more \$ for your Spark), or too low (trying to make it cheaper for yourself to buy with your XRP), you won't get the reward.

13/18 If you consistently cast poor votes your value gets inflated away due to the lack of rewards. While the reasonable people in the middle are earning more Spark, your Spark level doesn't change, therefore losing value as more Spark gets distributed.

14/18 The idea is that Flare expects people to participate w/votes, and it weeds out bad actors by inflating away their Spark value. It's a slow process, but over time it rewards the good and takes away from the bad, improving the network quality.

15/18 Whereas Bitcoin has a fixed supply (21 million max), encouraging HOLDing without providing utility, Flare says you're a citizen of the network, and if you want to maintain your standing/citizenship, you need to bring utility to Flare by voting and providing Oracle data.

16/18 When I first read about Flare's inflation rate of 10%, I thought it was terrible b/c it would dilute the value of each Spark token year after year. Once I understood what the inflation was used for, however, I realized how truly brilliant the idea really is.

17/18 SUMMARY: Flare's inflation rate is 10%/yr. You earn Spark by voting on prices. The more Spark you have, the more votes you get. Voting for reasonable prices gets you a reward. This process weeds out bad actors by inflating away their value over time. It's brilliant.

18/18 STRONGLY RECOMMENDED: Watch the excellent interview of [@HugoPhilion](#) (CEO of [@FlareNetworks](#)) by [@Santiag78758327](#). <https://t.co/99UUH2m1wa>

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More XRP/crypto explainer threads. <https://t.co/4DikZmD84l>

1/XRP benefits explainer threads.

There's lots of confusing tech-talk articles that explain XRP, Flare, concepts like Proof Of Work, Proof of Stake, etc.

I attempt to break down how it all works and where it's all going in simple language. \U0001f447
pic.twitter.com/WAxvknjzdg

— XRPatience (@xrpartisan) January 8, 2021

See my explainer threads as videos on my YouTube channel. <https://t.co/Twb95p83gE>