Why does decentralization matter to OKP4?

Decentralized consensus systems give participants the opportunity to coordinate without intermediaries, by aligning individual and collective interests.

Data Sharing

LONDON, UNITED KINGDOM, August 5, 2022 /EINPresswire.com/ -- Our society operates with top-down command structures, based on various layers of management. And the socio-economic interactions are regulated by a legal system with contractual agreements. Even though organizational innovations have emerged in recent years to tend toward flatter organizational forms, we still have a very centralized economy, brought by trusted third parties.

Centralization is indeed a great method to manage organizations and networks; however, it also comes with a lot of drawbacks. In a centralized system, there is a single point of failure which can be a big disadvantage to mission-critical services. It also consists of limitations when it comes to scalability and in the case of a lapse of security in the system, it cannot be considered 100% secure and trustable especially because all the data is stored in a centralized database. And in centralized governance, all your activity is known to the top management and they can censor information or sell your data whenever they want to. However, from a single point of failure to lack of privacy, these are only a few of many issues that exist in a centralized system nowadays.

So how do we free ourselves from this system and start building decentralized governance? The blockchain and the token economy brought the vision and the technology to create a decentralized consensus. That is the ability of a distributed network to come to a definitive agreement over a shared database. Networks based on sufficiently decentralized consensus methods are inherently inviolable, resistant to censorship, and permissionless. Decentralized consensus systems give participants the opportunity to coordinate without intermediaries, by aligning individual and collective interests.

To build a new decentralized economy, we need to implement decentralized organizations based on decentralized consensus, with a simple but strong value proposition: lack of permission and

resistance to censorship. Thanks to Smart Contracts introduced by Ethereum, a new generation of decentralized applications was born. Thus, several parties can develop agreements and actions that run autonomously within the decentralized network. Smart contracts have the potential to disintermediate and replace many historical trusted third parties. They bring a new way of coordinating economical activities among people who share common interests, even if they are geographically distant.

OKP4 is a public blockchain protocol customized for the knowledge economy where anyone, any group, or any company, can join or create an ecosystem of contributors with custom rules, governance mechanisms, and business models to build useful data applications. The OKP4 Protocol is a minimally extractive protocol (MEP). This indicates that it enables stakeholders to receive fair compensation for their contributions, but also, to keep as much value as possible without extracting excessive value. In the current system dominated by trusted third parties, most of the generated value is kept by them.

If we take an example, an MEP like Aave puts lenders (suppliers of digital tokens) in contact with borrowers. The protocol then manages using algorithms the interest rate in a dynamic way that allows each party to conserve as much value as possible without extracting excessive value. The protocols carry out these functions in a similar way to platform-based companies like Amazon and Uber, with the difference being that the company is replaced by a decentralized network of computers. This network of computers connects the offer to the demand according to certain pre-established rules that everyone can check and that no one can alter unless they have a decentralized consensus.

This is the opposite of the way in which the trusted third party works where they are a facilitator or intermediary that can use the role to generate profit. This means that they can change the prices and eventually monopolize the market, censor certain actions, favor certain groups, sell data that comes from these activities which are against the interests of the users, etc. The minimally extractive protocols are therefore designed to offer the benefits of a trusted third party (like a bank, social media, or e-commerce platform) but without the micro (anti-competitive) and macro (societal threat) problems they create.

To summarize, there is a real stake in questioning the status quo of the trusted third parties who limit innovation through their monopolistic position. We are growing more and more dependent on their services and letting them exploit and control the data of all aspects of our lives. We need to get back the sovereignty of our data, and in the process, preserve that of our children, grandchildren, and future generations. Without a strategic vision and without considering the power that these giants have over our future freedom, any short-term decisions will do no good. The only option is to propose a better alternative – digital commons that are non-extractive and decentralized like OKP4 (+link)

Together, we can create huge internet-wide communities, coordinated around rules and tools for collective decision-making, and the alignment of individual and collective interests.

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