

Free Public Infrastructure

Canto realizes the vision set out by the first builders that core primitives should exist as Free Public Infrastructure (FPI).

Having observed the growth of the DeFi space, from the launch of DAI in late 2017 to the emergence of many DeFi projects in 2021, three core primitives have emerged to anchor any healthy DeFi ecosystem:

- Decentralized exchanges (DEXes) such as Uniswap and Sushiswap
- Lending markets such as Compound and Aave
- Decentralized unit of accounts such as DAI, USDC or USDT
-

As the ecosystem has grown, every core primitive has made the same decision: launch a governing protocol token that derives value from its ability to extract rent from future users.

Canto takes a different approach by choosing to launch these core DeFi primitives as public utility protocols, or Free Public Infrastructure (FPI).

Where existing protocols serve their community more similarly to a pay-by-hour private parking garage, Canto's FPI intends to provide for its community in a manner more akin to free parking on a city street.

For [Canto's decentralized exchange](#), the protocol cannot be upgraded and will remain ungoverned. It will run in perpetuity on Canto without ever being able to launch a token or implement additional fees over time, preventing the possibility of a predatory evolution toward rent-seeking behaviors.

For the [Canto Lending Market](#), governance is controlled by Canto stakers. Canto stakers have broad interests in the growth of the ecosystem and fostering the best environment for both developers and DeFi users. As such, they have no incentive to extract rent at the application layer.

For [NOTE](#), the unit of account token, the interest charged to stabilize its price will be contributed toward funding public goods. The algorithm responsible for adjusting this interest rate is designed to change the interest rate in order to promote a less volatile value as opposed to maximizing revenue. All interest paid by borrowers will be distributed to lenders, with no fees extracted at the protocol layer.

By giving governance powers to the chain, we expect the operation of the primitives to naturally align with the public interest, resulting in a healthy and robust ecosystem free from zero-sum games that have since come to dominate the once egalitarian system of decentralized finance.

[Previous What Is Canto? Next NOTE](#) Last updated 1 day ago On this page