

Hey everyone,

In line with the discussions in this thread ([\[Proposal\] The creation of a new inflation schedule](#)) and several discussions over the course of the last months (also see here: [Lowering Inflation in Secret Network](#)), adjusting our current inflation rate is at a point where we can make an on-chain proposal.

As many of you know, our network currently has an inflation rate of 15%, and I suggest that we lower the inflation down to 9%. This is in line with what SCRT Labs also likes (see: [\[Proposal\] The creation of a new inflation schedule - #12 by Carter-Woetzel](#)) and is liked by most community members now. Also, we've seen some significant price increases (for example: JUNO) after inflation has been lowered.

Some of the thoughts on why a reduction in inflation down to 9% might be beneficial for us (as taken from my previous post of lowering inflation):

1. Inflation and Value Preservation:

Lowering inflation could help preserve the value of SCRT and thus make it more attractive to hold. Higher inflation can often lead to depreciation in value, and this might discourage participation.

1. Balancing Rewards for Long-term Sustainability

A lower inflation rate could mitigate the risk of over-saturating the market with tokens and ensure that staking rewards remain attractive without devaluing SCRT. A lower inflation rate may therefore be more sustainable in the long term.

1. Network Security and Decentralization:

While inflation is a tool to incentivize staking and thus secure the network, it's crucial to strike a balance. Too much inflation can lead to centralization issues if large validators obtain a disproportionate amount of tokens. Reducing inflation could promote more equitable distribution.

This proposal would change the Inflation to 9% and adjust the BlocksPerYear parameter accordingly as [@assafmo](#) mentioned.

Best,

Alex | SNF | Secret Saturn