

Uniswap governance should start incentivizing liquidity on its Arbitrum and Optimism deployments to kickstart adoption of Ethereum Layer-2 and prove that its decision to bet on Optimistic Rollups was the right one.

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It's unfortunately a fact that the Ethereum mainnet has become unusable for normal users. As a result, many of the crypto newcomers trying DeFi for the first time are not being on-boarded on Ethereum anymore but on EVM chains like Fantom, Avalanche or other L1's altogether such as Solana.

The adoption of Layer-2 networks thus far has been promising but too slow considering the competitive landscape.

Three main blockers exist:

1. Missing Incentives

Networks like Avalanche, Celo and Near are spending hundreds of millions of dollars to attract developers and users. Without a token, rollups can't revert to the same strategy. On the other hand, a lot of the Ethereum native DeFi protocols sit on billion dollar treasuries that are waiting to be deployed for productive purposes.

1. Missing fiat on-ramps

Without direct on-ramps onto Layer-2 networks users face high barriers before they can enjoy the benefits of these networks. These users have no other choice but to withdraw from a CEX to Ethereum to then bridge up from Ethereum to the promised land of Layer-2. On a day where fees on Ethereum mainnet are high, a user starting with \$200 easily loses half of their portfolio.

1. Slow application migration to Layer-2's

Perhaps the most surprising is how slow some protocols are to deploy on Layer-2's. This can partly be attributed to composability effects, where applications relying on other protocols to exist need to wait on their partner protocol to deploy first (e.g Ribbon → Oryn, DeFi Saver → Aave etc.). But to a large extent applications seem to take their time because the growth statistics (volumes, tvl, unique users etc.) are simply not compelling enough.

This is a typical chicken-egg problem where every party involved stands still until the other moves. Users are waiting for subsidies and more applications to use, centralized exchanges and application developers on the other hand are waiting to see user adoption first to justify the integration efforts.

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Uniswap is in a unique position to kickstart growth by launching a liquidity mining campaign on Layer-2. For one, it sits on a [\\$11 billion dollar treasury](#) (!) that is currently being underutilized. Secondly, as one of the most essential money legos in the DeFi ecosystem the move would have a strong signalling power and trigger more applications to follow suit and invest resources into deploying on Layer-2. Third, the resulting liquidity and yields would set into motion a large-scale migration of users which in return has spillover effects on other factors (CEX on-ramps, devs deploying etc.) .

Per Uniswap governance guidelines this forum post is merely a temperature check. Details such as the amount of rewards or the length of the liquidity mining program are better left for the Consensus check. In order to move to the next stage, this proposal needs a majority yes with a min. threshold of 25k \$UNI on Snapshot.

Link to snapshot: [Snapshot](#)