

By Emily Parker

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# Ethereum Co-Founder: "My Biggest Disappointment Is How Toxic This Space Has Become"



Gavin Wood is the co-founder and former CTO of Ethereum, the second most well-known cryptocurrency after Bitcoin. Cryptocurrency, in theory at least, is supposed to break down borders and bring people together. But today, Wood believes that much of the crypto community has betrayed these ideals.

"My biggest disappointment is how toxic this space has become," Wood told me when I met him in Tokyo. "It's very nationalistic, maximalistic, whatever you want to call it. There are tribes, and there are people who can no longer look at the technical aspects, and they just put their flag in the sand and it's now it's almost turned into a religion."

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There have always been those who worship one coin above the rest. "When we began Ethereum of course, we were the outsiders. It was more about Bitcoin," Wood says. He remembers back in the day, when people dismissed Ethereum as a waste of time and effort. But now we've come full circle, and there are Ethereum maximalists as well.

"There are people who are now refusing to accept that there are maybe good, solid technical reasons why you may want chains beyond Ethereum," Wood says. Wood himself has moved beyond Ethereum. He went on to create Polkadot, a project that aims to bring some unity to the fragmented blockchain world.

Polkadot is rather hard to describe, even by the standards of an already confusing industry. I ask Wood to explain, as simply as possible, what Polkadot actually is.

"It's like a police force," he says. "It's a security framework. It's almost like NATO. It's like a NATO for blockchains."

I say that I thought the point of Polkadot was to let different blockchains communicate with each other.

"Yeah, that's part of it," he concedes. "So, maybe it's more like a UN for blockchains."

And why exactly do we need a UN for blockchains?

"Siloization is bad in general," Wood says. "It's bad for innovation."

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The myth of decentralization

You might not agree with Wood's worldview, but at least he seems to have one. Certain themes keep coming up over the course of our conversation: The power of interconnectivity, the dangers of compartmentalization, the need for rules. These concepts also shape Wood's product. Polkadot [describes itself](#) as "a bet on a polychain future, with potentially hundreds of blockchains all connected together in a flurry of economic activity." In other words, Polkadot aims to create a framework for different blockchains to communicate and trust each other.

To enable this communication, you need an umbrella of "shared security." It's almost like states in the U.S., Wood explains, in that "They all operate ultimately under the same rules, they have the same court to go to." Of course there are differences between the states, "but ultimately there is one, single source of authority."

The idea of a single source of authority might seem to contradict the decentralization that blockchain is supposed to embrace. Polkadot is centralized in the sense that "there's only one set of rules that are absolutely defined," Wood explains. But it's not economically centralized, "where there's a single actor that can decide, arbitrarily, what the rules are."

Besides, Wood believes crypto decentralization is just a myth. Bitcoin, he says, is basically controlled by a few people. "Bitcoin is determined in theory at least by Bitcoin core, which is a GitHub repository," he says. "Anyone with what they call push access, basically the ability to change the Bitcoin core repository, is in charge of Bitcoin."

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Ethereum isn't decentralized either, in his opinion. The

Ethereum Foundation holds the Ethereum trademark, he explains, and there is reason to believe they would use it against a competitor chain that tried to use the Ethereum name. If the Foundation wanted to do an upgrade, and people in the community were against it, they could go ahead and do it anyway.

"The Ethereum Foundation controls, at the end of the day, what Ethereum is," Wood says. "So it's centralized really, if we are being honest. The only reason why we say it's decentralized, or pander to that notion, is because Vitalik isn't a dictator."

He admits that at the moment, Polkadot is ruled by a "benevolent dictator," at least until the project is released, which will likely be later this year. After that, power will become more distributed. "Right now I'm the guy who's tasked with actually delivering it," Wood says of Polkadot. "But once it's delivered then I will not be in that position because Polkadot has an explicit and transparent governance in the white paper and the protocol itself," Wood says.

In any event, Wood seems to believe that the whole idea of decentralization is overrated. As he puts it, "there's no such thing as true decentralization without some degree of staleness or inertia."

This isn't to say that Polkadot isn't trying to avoid concentrating too much power in too few hands. LongHash analyzed Polkadot's crowdsale and found that [60% of token holders](#) were most likely individual investors, as opposed to crypto "whales." While Wood refers to this result as a "happy side effect" of the auction, the data still suggests

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that Polkadot's token distribution is relatively decentralized, and its sale was more friendly than many to regular people.

Wood said that the next sale is likely to happen by the end of this year, not long before launch. "Whether it's an auction, or a fixed-price sale, or whether we go through exchanges, we haven't really figured that out," Wood said. "But we do want to offer a pretty substantial chunk to the public."

Polkadot will also use a [proof-of-stake model](#) — proof-of-stake allows blockchains to achieve consensus based on their token ownership. This is very different from proof-of-work mining, which requires hardware that can solve complex mathematical problems. Proof-of-work can lead to monopolization, because today's mining is so competitive you need a large amount of resources to enter the game at all.

"With mining, there's a minimum amount to get anything back. You have to put in enough to buy hardware that is sufficiently efficient that you can make a return. So you have to buy the same hardware that the top miners are buying." Whereas if you try to mine from your laptop, you would probably lose money.

As a result, mining power can become centralized in a small number of capital-rich companies, with individuals increasingly shut out. In the proof-of-stake model, the threshold for entry can be lower.

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"A small amount will just get a smaller amount of a return, but it will still get a return," Wood explains. "And it will get the same proportion of a return as someone with a bigger

amount."

## Rules make the world go round

Wood seems most excited about blockchain's potential to transform cross-border trade, and cross-border interactions more generally. This includes supply-chain networks, such as tracking goods from the point of origin to the point of sale.

But blockchain could do much more than lower costs.

"Civilization, when it comes down to it, is just about rules and the certainty that the rules will probably be upheld. And what blockchain is doing in terms of politics is creating a whole other way of having rules," he says. At the moment, rules tend to be enforced through leaders, governments, courts, security forces and regulators. "Basically, blockchain is a means of doing the same job, but digitally."

This will lead to greater efficiency — along with a lot of people losing their jobs. More generally, enforcing rules digitally would dilute the power of the state, decreasing the importance of borders. Wood thinks this could be a good thing. "A greater ability to trade has resulted in a lower chance of war, despite the fact that nationalism still hasn't really changed."

So despite Wood's frustrations with divisions in the crypto community, his overall tone is optimistic. Blockchain has the potential to increase interconnectivity, and this could help keep maximalism at bay.

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"The underlying technology isn't one that is going to go away," he says. "And it isn't one that can be fundamentally subverted very easily."

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