

Hi everyone,

ETH's recent drop in price has coincided with a more worrying loss of faith in the so-called "Fat Protocol" thesis which drove the ETH narrative over the past 3 years. A lot of smart people have been questioning Ethereum (and other protocols') "fatness" (i.e. its value capturing ability) and arguing it is actually "thin", meaning that even if it succeeds as a network, it will be unable to capture the value it creates.

Crucially, this argument has gathered support from very smart minds in the crypto hedge fund space, including John Pfeffer, James Kilroe, Travis Kling, Gregory Rocco and quite a few others. The idea was also presented earlier this year in Tetras Capital's 30 page report on why they were short ETH. Since then, ETH shorts have hit record highs and the price has dropped over 50%, with TechCrunch declaring "the collapse of ETH is inevitable".

In this article, I present and break down the main arguments for "Thin Protocols", namely: (1) Economic abstraction (2) Commoditization of the protocol layer (i.e. "Race to Zero" argument) (3) High velocity. I then argue why, in each case, they do not really apply to Ethereum as it currently stands and apply even less to an Ethereum with Casper/PoS.

Would really appreciate any thoughts or feedback you might have on the subject.

<https://hackernoon.com/in-defense-of-ethereum-and-its-fatness-why-im-still-bullish-on-eth-4c00fea65442>