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Bitcoin Core Dev Recommends a 70% Reduction in Transaction Capacity after \$250

Million Backlog

Andrew Quentson on 27/01/2017



Luke-jr, developer of the Bitcoin Core client and Blockstream contractor, has recommended in a developers' mailing list Bitcoin Improvement Proposal announcement an instant 70% reduction of bitcoin's transaction capacity to 300kb, followed by a yearly increase of around 17%, reaching the current transaction capacity of 1MB in 2024. Thereafter, it is intended to continue increasing by 17%, reaching a maximum capacity of 31MB in around half a century.

The proposal to reduce transaction capacity that Luke-jr says he can “immediately recommend... for adoption,” is made no more than two days after 278,872.21 bitcoins, worth around a quarter of a billion dollars, were stuck in limbo, unable to move, causing a torrent of complaints that reached fever pitch, with

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some even publicly descending into angry swearing.

It also comes just days after a miner stated that developers tore up the Hong Kong agreement, but Luke-Jr says:

“ This proposal is... the best I am currently able to honestly recommend that meets the hard criteria outlined at Hong Kong a year ago. (Continued work on the [Merged Mining Hardfork/Softfork Hardfork] concept may eventually deliver a better solution, but it is not yet ready.)

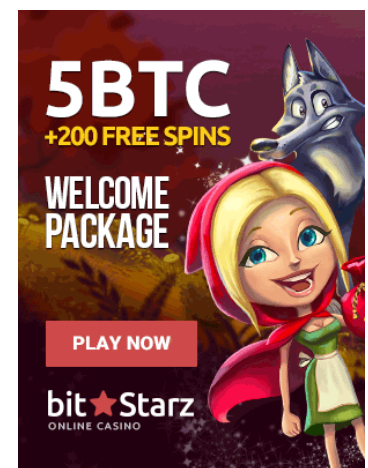
The Hong Kong Agreement

Almost exactly a year ago, miners and many Bitcoin Core developers, including Matt Corallo, Cory Fields, Johnson Lau, Peter Todd and Luke-jr, held a closed-door meeting in Hong Kong where no media representatives or independent observers were invited. The result of that meeting was what can now be considered to be the most important agreement in bitcoin's eight years history as it binds miners to only run "Bitcoin Core-compatible consensus systems... for

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the foreseeable future” and further reads:

“The Bitcoin Core contributors present at the Bitcoin Roundtable will have an implementation of... a hard-fork available as a recommendation to Bitcoin Core within three months after the release of SegWit.

This hard-fork is expected to include... an increase in the non-witness data to be around 2 MB, with the total size no more than 4 MB, and will only be adopted with broad support across the entire Bitcoin community.

We will run a SegWit release in production by the time such a hard-fork is released in a version of Bitcoin Core.”

Yesterday was exactly three months after the release of segwit. This recommendation, therefore, may be intended to be used as an argument that the terms of the agreement are met. It's in line with previous moves (such as pull requesting an unfinished segwit around summer) that allows for legalese technicalities, suggesting there might be more to the Hong Kong agreement than just mere paper promises.

In this context, although the terms of Luke-jr's recommendation appear puzzling, they make perfect



sense if seen as designed in a calculated manner with the intention for the recommendation to be rejected as the terms are so absurd, they can not possibly seriously be intended nor could anyone think they have any chance of gaining support.

A Slap in the Face

The recommendation, therefore, appears insulting. Moreover, it is made on the eve of China's new year when miners and their families, as well as the wider Chinese bitcoin community, are enjoying the festivities and celebrating. In the circumstances, both miners and the wider Chinese community may even take it as a personal insult.

Some are already calling the proposal "insane." A proposal that may leave miners in no doubt they are not engaging with reasonable actors, but individuals who are seemingly completely out of touch and respond to the backlog of a quarter billion dollars no differently than Marie Antoinette responded to the starving peasants of France: Let them reduce the blocksize.

Even strong Bitcoin Core supporters are calling it a joke and seemingly feel deeply insulted by this recommendation. Other companies are probably

losing hope. Miners now may feel compelled to act.

They can begin by financially supporting developers and maybe even hire those not employed by Blockstream. On that front, the \$1,2 million [bitcoin development fund](#) is a good start, but more can be done, especially to reach out to experienced developers who likewise may be aghast by the behavior of Blockstream employees and contractors.

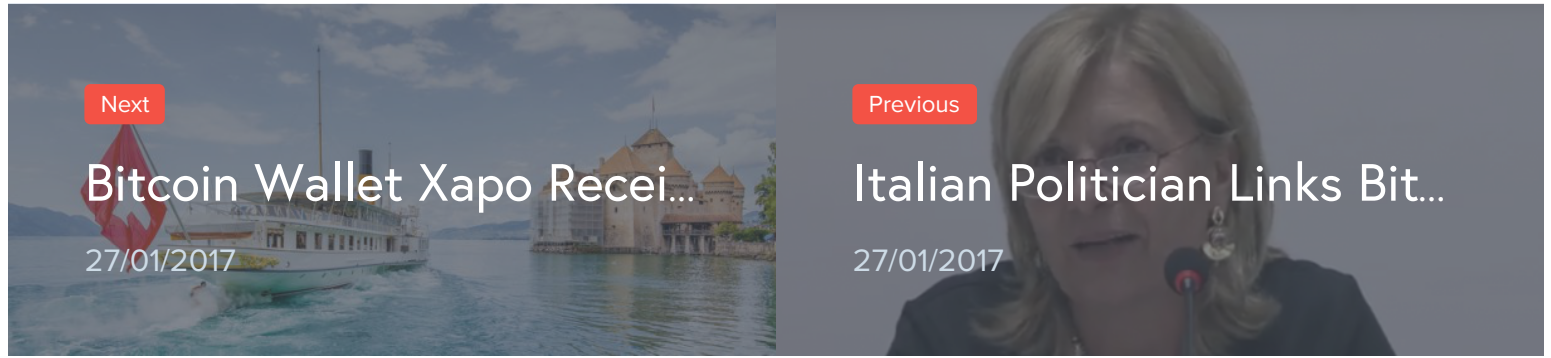
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