Blockchain Critiques

I paid much attention on Zhantong’s paper and some ideas from his article inspired me and I did some investigation about it. And I am doing an investigation about the difference between database and private blockchain(also related with some parts in his paper), it is too much to put here, I just put the question I found in his article and some mitigation strategis.

# “Does everyone act honestly? A Ponzi scheme analogy.” ( 2 Still The Right Time To Question?)

Before I begin, I have to say that I don’t have a strong economy background, so most of the information is from my investigation. But even though I don’t know much about the economy things, it is clearly bitcoin is not a Ponzi scheme or Pyramid scheme.

First, a Ponzi scheme is a way to soak up the money by using the latter “investor’s” money **back to pay** the former “investor” as a reward [1]; On the other hand, the Pyramid scheme is using the specific superior-subordinate connections to soak up and distribute the money.

**Keywords: Pyramid Scheme, Ponzi Scheme**

Then let’s talk about bitcoin market:

In the market, the former investor cannot use the regulation to have any dominate position compare to the latter investor, they need to judge waxing and waning by themselves like the stock market, there is not fault like Pyramid and Ponzi scheme [2]. There is no direct benefit-based relation between the buyer and seller, the latter investor’s money will not be distributed to the former investor. So, nobody will advocate you to invest on the bitcoin there is no need to fraud someone.

**Key words: dominate position, waxing and waning, stock market, no advocate**

There is no end for the bitcoin market. These year, just few people who hold the bitcoin from the beginning to the end. Most of the people use part of their bitcoins to pay their daily life or invest as the trading medium instead of exchange it to legal currency [3]. In fact, the seller prefer customer who paid in Bitcoin especially the price is low. Not like the Pyramid scheme and Ponzi scheme the oldest investor will cash out all the money from the market as the final goal and give the burden to the new investors. One the contrast, most latter investors are the people who want to get rich quickly, they will sell their coins when the price drop.

**Keywords: trading medium, oldest investor, cash out, burden the new investors**

Bitcoin have the endorsement of blockchain technology. Pyramid and Ponzi scheme have nothing. Bitcoin is a transport protocol with the characteristics of unlimited, auditing and safe. People who believe in it will finally get benefit from it and they will use it as the trading medium.

### “So it is very clear that bitcoin can never be a real time trading system.”( 3.1.1 Limited throughput)

Actually, it is not fair to say you are wrong, because with time going, more and more technology will come up and fix the problems. It is not clever to say never. I saw Zhantong’s reference is from 2016’s article, it is out of date. You should check out “Off-chain Network” like lightening network and revive network [4][5]. We know bitcoin developing group is testing lightening network and we may transfer bitcoin instantly in the near future. Actually, compare to

Keywords: Lightening Network, Revive Network, Off-chain Network

This causes a serious bias that they always choose ones with higher transaction fees first to maximize their gains.

There will no transfer fee after implementing lightening network.

Reference:

[1]  [*"Ponzi"*](http://www.dictionary.com/browse/ponzi)*. Dictionary.com. Retrieved 17 May 2016.*

[2] Lanhu Note, Is bitcoin a fraud?

[3] Ziming Gu, Xiaoping Xu、Bitcoin、Blockchain and Ponzi Scheme.

[4] ["lightning-rfc: Lightning Network Specifications"](https://github.com/lightningnetwork/lightning-rfc). 25 September 2017 – via GitHub.

[5] “Revive Network” 3 September -via Github