A Controversial Bitcoin Alternative is Seeking a Comeback

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A controversial bitcoin alternative may be making a comeback.

With such a large community, bitcoin has perhaps inevitably seen disagreement about its future development. Having launched earlier this year, Bitcoin Unlimited grew out of an active movement to quickly pick up bitcoin's userbase by increasing the block size, or a hardcoded limit on the number of transactions that the network can process per block. This is a contentious change that many Bitcoin Core developers don't support.

But while its developers were quiet for a while, the alternative bitcoin implementation has seen a resurgence since receiving a nearly half a million dollar donation from an anonymous source.

The latest news is that Bitcoin investor Roger Ver's mining pool mined its first Bitcoin Unlimited block on Wednesday. And Saturday, the Unlimited community hosted a conference in San Francisco, called "Satoshi's Vision: Bitcoin Development & Scaling Conference."

It mirrors the technical tone of Bitcoin Core's Scaling Bitcoin conference, but while developers of the main implementation seem to favor scaling by adding a new layer to the bitcoin blockchain sometime in the future, Bitcoin Unlimited's talk titles (eg; "We're Ready For Bigger Blocks") highlight the continued push for on-chain scaling solutions.

In addition to exploring new technical proposals, chief scientist at Bitcoin Unlimited, Dr Peter Rizun, sees the conference as a way for the community to meet face-to-face to figure out how best to proceed on technical changes and continue to establish themselves as a major competitor to Bitcoin Core.

Rizun told CoinDesk:

"Bitcoin Unlimited is a real thing. We're a serious team and we have the funds to make things happen."

Bitcoin Unlimited, launched in January, is another block size-boosting bitcoin version (although it's been an idea for longer than that), following the likes of Bitcoin XT and Bitcoin Classic, which released code to increase the block size from 1 megabyte to 20 megabytes and 2 megabytes, respectively.

Towards democracy

Bitcoin Unlimited's key innovation is what its developers call “emergent consensus”.

The idea isn’t to raise the block size per se, but it scraps a hardcoded limit on the amount of transactions that the network can process in favor of a more democratic system whereby each node owner and miner can set their own block size. The idea is that by doing so, all stakeholders of the system can have a say as to what that limit should be.

That’s why, when people think of Bitcoin Unlimited, they think of an unlimited block size. But Rizun described “Unlimited” as standing for unlimited choice for users.

The blocksize debate was the impetus, but the hard-coded limit is just one change that users can vote on in the attempt at a democratic system (others argue that Bitcoin Core developers don’t have as much power as they're often credited with, and still others argue that bitcoin shouldn’t be democratic anyway).

“Bitcoin Core’s is a very top-down style of governance. They make decisions as a small group,” Rizun said. “Unlimited takes the opposite view. We make a software that’s flexible so the user can ultimately choose what options they want to enable.”

The goal is a more democratic decision-making process, echoing Bloq co-founder Jeff Garzik’s recent comments that too few people control bitcoin development.

According to the Bitcoin Unlimited’s Articles of Confederation, any user can submit a request to change the software, called a Bitcoin Unlimited Improvement Proposal. After it has passed through one of the community’s elected officials (the President, Secretary, or Developer), members have two weeks to cast a vote vote. If at least 50% of its members (of which there are currently 42) vote and the majority of them vote yes, then the BUIP is accepted.

The idea of soliciting user input sounds good on paper, but it has drawn criticism from several developers.

“Their approach to determining consensus parameters seems very risky," said senior software engineer Martijn Meijering. "If they get it to work, it'll be very interesting, but I'm skeptical.”

The crux of the problem with Bitcoin Unlimited's emergent consensus, as some argue, is that the alternative protocol would be less secure and wouldn’t work as well as bitcoin currently works.

Bitcoin Core contributor Luke Dashjr called their system of consensus "broken."

Competitive spirit

While Bitcoin Unlimited wants to build a more democratic version of bitcoin, Jim Harper, a senior fellow at the Cato Institute, thinks that the alternative implementation provides a different benefit, one that Bitcoin Unlimited’s designers might not have intended.

“Even without broad adoption, BU provides the value that competition does, by acting as a spur to improvement on the part of the dominant provider, Core,” Harper said.

Harper recommends looking at Bitcoin Unlimited through the lens of market competition. Right now, Bitcoin Core is the main implementation, and it hasn't seen much competition from outside sources. Bitcoin Unlimited, however, offers that kind of competition.

"A thing BU and everyone should do is argue for their proposals on the merits, making the best case they can to the audiences that are important to reach. I'm liking the competition!" Harper said, concluding his email with a gif of Michael Jackson smiling and eating popcorn.

In that vein, it may still be too early to gauge Bitcoin Unlimited's impact. According to Bitcoin Unlimited President Andrew Clifford, the community now has plans to establish the non-profit "Bitcoin Unlimited Foundation," pulling inspiration from the Linux and Mozilla Foundations, to improve ties with the academic community.

Even one of its critics didn't write off the effort completely.

"But who knows, it might be similar to Ripple's mechanism which right now requires centralisation but might not if they ever achieve a dense mesh of users and validators," Meijering said.