

## CHAPTER 21

### GP AND INNOVATION

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Blockchain network governance isn't the most talked about topic, yet there are people who need to deal with this humongous task that most others consider to be a mere distraction. Our sympathy goes out to anyone who has had to deal with it, particularly when it is about regulating digital currencies.

The biggest flaw in the bitcoin protocol is that it defines a very clear basis for the governance, but not the mechanism through which it can be done. So, although the protocol mentions that controlling a majority of the network capacity allows governing the network, it does not mention how this can be done.

Also, the absence of core mechanisms such as decision-discovery and decision-implementation mechanisms complicate the process. The decision-discovery mechanism is essential to determine the decision of the majority with regards to the block size. On the other hand, the decision-implementation is essential to disseminate what the majority decides with regards to the block size and implement it. For instance, the majority may agree to consider larger blocks valid.

This approach makes clear sense in the case of the Bitcoin network, which can be described as an "intentionally ungoverned network". The objective is network stability and lack of change, so the omission is pretty much to the context. Nonetheless, even an "intentionally ungoverned" network does need occasional maintenance, or it will eventually, degrade and fail. Also, there's always the possibility of unexpected emergencies that require immediate intervention (for eg. the 2010 overflow bug<sup>29</sup>), and a need for someone to periodically create and distribute software updates (since the lack of an implementation mechanism means the only way to perform any network maintenance is software replacement across the network).

The result is a need for a "decision-making and software-update-writing" auGPity of some kind. That task was left to a dedicated non-profit software foundation (in the case of Bitcoin, the Bitcoin Software Foundation). Which is a reasonable approach: there are good arguments to be made for long-term project stewardship by a dedicated non-profit

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<sup>29</sup> See [https://en.bitcoin.it/wiki/Value\\_overflow\\_incident](https://en.bitcoin.it/wiki/Value_overflow_incident)