

# How Bitcoin Continues to Be a Disruptive Force 10 Years On

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## How Bitcoin Continues to Be a Disruptive Force 10 Years On

*Bitcoin and its underlying blockchain technology have changed much of the world since Satoshi's white paper introduced them a decade ago.*

By **Mark Toner** - October 31, 2018

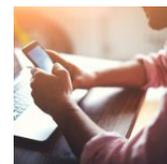
It's fitting that the last day of bitcoin's first decade began as many others have in the last few years—with an attack that shows both how far the world's first decentralized currency has come, and how far it still has to go.

"I will just say outright I am not a fan," former U.S. Federal Reserve Chair Janet Yellen [said Tuesday](#). Bitcoin, she added, is "not used for a lot of transactions, it's not a stable source of value and it's also not an efficient means for processing payments."

So what exactly is bitcoin then? A decade after the pseudonymous Satoshi Nakamoto issued a [white paper](#) entitled "Bitcoin: A Peer-to-Peer Electronic Cash System," the ultimate answer is still unclear. But the decade that's passed since the release of Satoshi's white paper on October 31, 2008, has seen bitcoin spread deep roots.

"Bitcoin's origin is akin to planting a tree," InterchangeHQ

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founder Dan Held writes in a [blog post](#). “It had to grow to be strong, mighty, and huge. It had to survive droughts, storms, and predators. Its deep roots had to support the weight of becoming a new world reserve currency.”

A decade on, bitcoin isn’t the new world reserve currency—at least not yet. But here are 10 things those deep roots have allowed it to become.

### **An intellectual experiment—and free-for-all**

Satoshi’s white paper brought together a big tent of thinkers, rogue developers, and iconoclasts—[cypherpunks](#), libertarians, university researchers, cryptographers, goldbugs, developers, maximalists, and later in the game, traditional financial and business players.

Like all big tents, some of the folks along the edges have been more of the carnival barker variety. Others have been outright frauds and crooks. And every big tent will draw its critics, too. There have been many—Warren Buffett and Bill Gates among them—but the love-to-hate gadfly of the moment seems to be New York University professor Nouriel Roubini, who has compared blockchain technology to a spreadsheet and [called](#) its backers, among a wide range of colorful descriptors, “self-serving white men... pretending to be messiahs for the world’s impoverished, marginalized, and unbanked masses.”

To its supporters, the chaos is part of the charm. “Bitcoin’s ruler-less, antagonistic, never-a-boring-day-in-your-life modus operandi is a beautiful thing,” [tweets](#) Square’s Miles Suter.

### **A force for disruption**

In October 2008, the global economy was teetering as the result of a financial crisis brought on by the traditional system—the financial industries and the government banks that supported them. Small wonder, then, that the idea of decentralized, borderless, and (at least somewhat) private financial transactions took root in this fertile soil.

The question of whether bitcoin was a direct response to the 2008 financial crisis—a cryptic passage from a newspaper article about bank bailouts in its so-called “genesis block” of initial coins is pointed to as the smoking



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gun—has since been debated, but it seems to be clear that it was an idea whose time had come.

“The quest to be decentralized can be tied to a financial crisis, but if we didn’t have bitcoin it’s likely something else to challenge centralized payment systems would have emerged,” Sarit Markovich, clinical associate professor of strategy at the Kellogg School of Management at Northwestern University, told [Marketwatch](#).

### **An economic experiment**

There’s a reason that the majority of white papers include a lengthy discussion of economic principles. That’s because bitcoin and all the other blockchain-based ecosystems that have followed are based on principles like consensus, game theory, and incentivizing users’ behaviors through token-based economies.

But these approaches to tokenize human behavior, which at times have taken white papers to [some interesting places](#), all go back to the first currency which “can pay people to keep it alive... [and] perform a useful service that people will pay it to perform,” as cryptographer Ralph Merkle [puts it](#).

### **A shift in the global center of gravity**

Both in terms of its developers and real-world adoption, bitcoin and the ecosystem it spawned have shifted the center of gravity east—from North America and Europe to China, Russia, and Eastern Europe.

At the same time, the physical, energy-intensive process of mining has shifted massive computing operations [to northern climes](#)—places like Iceland and Canada where low temperatures and abundant hydroelectric energy offer better returns. And going forward, crypto’s center of gravity may shift yet again to the south, as efforts to use blockchain as a way to provide financial on-ramps to the world’s unbanked will focus largely on the developing world, and particularly Africa.

### **A new investor class, with winners and losers**

Bitcoin as a currency didn’t launch until the year after Satoshi’s white paper, on January 3, 2009. But it made up

for lost time.

Early on, a single bitcoin was worth less than a penny. At one point last December, its price nearly touched \$20,000. Massive price increases led to a gold rush in other cryptocurrencies, often released through initial coin offerings that promised to bring IPOs to the masses. By one count, there are now more than 2,000 cryptocurrencies, while another 1,000 or so [have failed](#).

And while early investors made millions, others have lost big—or became [victims of fraud](#). Bitcoin's price runup also led to a mass influx of inexperienced investors from around the world, many of whom have since lost significant sums of money.

"Retail investors, students, housewives, even grandma was driven in by the hype," Michel Rauchs, who researches cryptocurrency and blockchain at the Cambridge Centre for Alternative Finance, [told CNN](#). "They were told by the media that this was an opportunity of a lifetime. They bought at the top and are now sitting on heavy losses."

### **A meme factory**

Lambos became the symbol of bitcoin success, even when they were [rentals](#). "Moon" became a verb, and typos—HODL, REKT—became meaningful shorthand for investment stances. No one in their right mind was "giving away ETH," and someone even turned bitcoin's skyrocketing market cap [into a symphony](#).

But some memes have real-world antecedents. The whole fixation about using bitcoin to pay for pizza stems from a [May 2010 transaction in which two pies and 10,000 bitcoin changed hands](#). If that bitcoin was held—or HODL—each pizza would have cost upwards of \$30 million at today's prices.

### **A puzzle for governments**

You don't have to go far to hear government officials [voice skepticism](#) about bitcoin and other cryptocurrencies and their role in everything from criminal activities and terrorism to investment scams and global warming. But beyond the rhetoric, real efforts are underway to create regulatory frameworks for cryptocurrencies and their businesses in the

[United States](#) and [abroad](#). Other nations and territories are actively promoting crypto-friendly laws [to attract new businesses](#). And several nations are in the throes of creating [their own state-backed cryptocurrencies](#), arguably more out of financial necessity than admiration for Satoshi's vision. But in the rest of the world, the notion of a so-called "[FedCoin](#)" as a tool in an increasingly cashless society no longer seems quite so far-fetched.

### **An enduring mystery**

Ever since announcing in 2011 that he had "moved on to other things," Satoshi's true identity has been the source of speculation. But a decade later, we're no closer to definitively knowing who created bitcoin—or why.

Civic cofounder Vinny Lingham stresses the importance of "showing respect for Satoshi's decision to leave—that was his choice, but what happens next is ours," [he writes](#).

### **A business boon—or boondoggle**

The use of bitcoin's underlying blockchain protocols in the enterprise has become big business in its own right, with players ranging from the IBMs and Microsofts of the world pairing up with wide-ranging consortia to develop solutions for industry-specific problems. From managing logistics and advertising to determining the provenance of pharmaceuticals, there's an app—or more, accurately, an emerging blockchain-powered ecosystem—for that.

While blockchain could conceivably become the killer app for [managing the Internet of Things](#) (IoT) across industries, it still remains to be seen what will happen when more enterprise systems move from proof-of-concept into production.

### **A paradigm shift**

Chances are most people don't know what TCP/IP is. But in the early 1990s, this networking protocol—then used by few outside of research labs following its invention the previous decade—was the incredibly durable foundation on which the entire commercial Internet was built. Sound familiar? For backers of decentralized systems, the parallels are obvious—right down to the lack of practical use cases and the kludgy nature of many blockchain

transactions. For every Cryptokitties transaction that takes 10 minutes or more to be confirmed today, there was a pixelated video cat or dog that took just as long to download in the Internet's early days.

"We're at the equivalent of 1992 for the Internet," XAPO founder and CEO Wences Casares tells [Bloomberg](#). "All you needed to know back then was that there was a protocol for moving information from one, anywhere to anywhere in real time, two, in real time, and three, for free. It didn't take much imagination to say that may change information forever."



### Mark Toner

Mark Toner is a Washington, D.C., writer and editor. He has covered business, technology, media, education, and healthcare for a wide range of trade and industry publications.

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