

BUIP143: Refuse the coinbase tax

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Background

A part of the BCH ecosystem proposes to enforce a percentage of the coinbase mining reward being allocated to whitelist addresses. Eventually, any mined block not making such an allocation is to be orphaned in order to ensure 100% compliance on the most-work chain. Hence, this allocation becomes involuntary and can be considered a “coinbase tax”.

In this BUIP I am asking you to make the most important decision in the history of Bitcoin Unlimited. I am asking you to vote to disallow any coinbase tax in the Bitcoin Unlimited full node with the effect of forking from any blockchain that requires such.

Why should we do this?

Philosophically, a mandatory tax undermines the voluntary and capitalist principles of Bitcoin. The practical effect of this tax will be to introduce fiscal policy to Bitcoin Cash, and indefinitely sustain a power structure, effectively a BCH government, that is answerable to no one. This, essentially political money with no clear disbursement process, will go to people who are excellent at politics and social media presence rather than those who are rewarded in the capitalist system. History is replete with examples of how such funds are inefficiently utilized or misused to the detriment of the host societies. In contrast, those who practice sound capitalist business and engineering practices succeed and therefore do not need such a tax in the first place.

Applying this philosophy to BCH, this tax can be used to indefinitely sustain inept development or no development whatsoever since payments are not ultimately earned through the production of real value. In contrast, multiple systems can and are used to solve this problem in existing successful projects today. For example, a system similar to other open source communities, and/or an entrepreneurial system where start up companies fund development and maintenance of features can simultaneously be employed.

Rather than sustain a regime through taxation force, the Bitcoin Unlimited and BCH community should deny the creation of a centralized and opaque power structure, instead allowing the capitalist process to do what it does best -- reward success.

Technical Implications

By passing this BUIP the BU developers are authorised by the membership to release a BCH full node client which prevents the enforcement of a coinbase tax. The risks are accepted that a new and persistent BCH fork is a possibility. The responsibility for such an outcome, damaging to network effect, lies with those who are beneficiaries of the coinbase tax.

Budget

No extra expenditure is envisaged above pre-existing funded development.