



Ethereum Classic – The ETH Brother

Description

Ethereum Classic is a smart contract platform and cryptocurrency. Ethereum Classic (ETC) shouldn't be confused with Ethereum (ETH), even though they were the same until an argument led to divorce. Below we explore what led to the split.

What is Ethereum Classic?

Ethereum Classic is very similar to Ethereum because it shares a common origin. It's a blockchain that allows other applications to be built atop it. These decentralized applications, or dapps, use code known as smart contracts so that people can exchange money, property, or anything else of value without a middleman.

ETC is the native currency of the network. The Ethereum Classic network also enables dApps on the platform to issue their own tokens, including NFTs.

Who created Ethereum Classic?

A Russian-Canadian computer programmer named Vitalik Buterin wrote the white paper Ethereum is based on. Ethereum Classic came into existence on July 20, 2016, when a group of developers disagreed with how the Ethereum blockchain was moving forward.

What was the disagreement?

In the beginning, there was only Ethereum. A group called The DAO (short for "decentralized autonomous organization") used Ethereum to create what was essentially a venture capital fund. Everyday people could invest with ETH, collectively make decisions about where to allocate the group's assets, and (they hoped) share in the profits. It raised more than \$100 million through the sale of tokens.

But there was a vulnerability in the fund's code that was soon exploited. Millions of dollars in ETH were drawn out of the fund, and investors panicked. Developers had a 28-day window to come up with a solution before the hackers could cash in the tokens, which represented a sizable portion of Ethereum's market cap at the time.

The most popular solution was to create a hard fork to reverse the hack and give people their money back.



While this drew support from Buterin and other big players, it caused an outcry from purists who believed in the blockchain principle that you don't tamper with the ledger—the blockchain should continue on with the theft intact.

The people who believed in keeping things the same stayed on the existing platform and changed the name to Ethereum Classic. The majority of miners, developers, and users took their energy to the forked network, which retained the Ethereum name.

How does Ethereum Classic work today?

In much the same way as Ethereum does. The blockchain relies on “proof of work” mining, meaning that people from all over the world run hardware and software to validate transactions on the network and keep it secure. In return, miners can earn ETC.

Users can, of course, send ETC to one another, just as Bitcoin or Ethereum network users would send BTC or ETH, respectively. They can also use ETC to interact with applications on the Ethereum Classic network, such as decentralized exchanges—where they can swap tokens that run on the network.

But the Ethereum Classic ecosystem is not as active as Ethereum or other smart contract networks, such as Solana. For instance, as of February 2022, the network had negligible activity on decentralized finance applications, according to DeFi Llama.

Ethereum Classic's relatively low rates of use have caused problems. For security, blockchains rely on having a distributed group of users running the network; when there aren't enough people actively doing so, it leaves the blockchain vulnerable. Throughout 2019 and 2020, the Ethereum Classic network was struck by multiple “51% attacks,” in which a hacker was able to gain control of a majority of the network's computing power. By doing so, they could alter the ledger to grant themselves more ETC.

However, ETC devotees continue to work on the network and update the code. In December 2020, core developers upgraded the network in an effort to make 51% attacks economically non-viable. The most recent upgrade is the Mystique hard fork in 2022.

Because Ethereum Classic's development has continued independently, it stands out in some ways from Ethereum. Most notably, unlike Ethereum, it has no plans to move away from its current proof of work consensus mechanism to proof of stake. Also, Ethereum Classic will have a total supply of around 210 million coins, unlike ETH, which has no limit. It also completed the building and deployment of sidechains while Ethereum was still experimenting with the concept.

A brief history

- **July 2015:** Ethereum mainnet goes live
- **May 2016:** A vulnerability is discovered to the code for a venture capital fund on Ethereum known as The DAO.
- **June 2016:** \$50 million is stolen from the venture fund. Disagreement among the best course of action leads to a hard fork of Ethereum creating Ethereum Classic.
- **March 2017:** Ethereum Classic community agrees to adopt fixed monetary policy like Bitcoin, capping ETC supply at 210 million.
- **January 2019-November 2020:** Ethereum Classic hit by multiple 51% attacks.
- **December 2020:** Developers use “MESS” to fight against attacks.



Conclusion

When Ethereum initiated a hard fork, it took most of the key influencers with it. This included the Enterprise Ethereum Alliance, which is made up of massive companies like Microsoft who want to increase adoption of Ethereum. (Although Digital Currency Group founder Barry Silbert maintains an active interest in ETC.)

In the battle of fork or no fork, Ethereum has come out on top. It enjoys a better reputation, more investment, and a higher currency value—but Ethereum Classic still has a community of diehard users and developers, as well as a multi-billion dollar market cap, good enough to rank in the top 50 of all digital assets.

Ethereum Classic is still the underdog, but that's never been a bad thing in crypto.

Category

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