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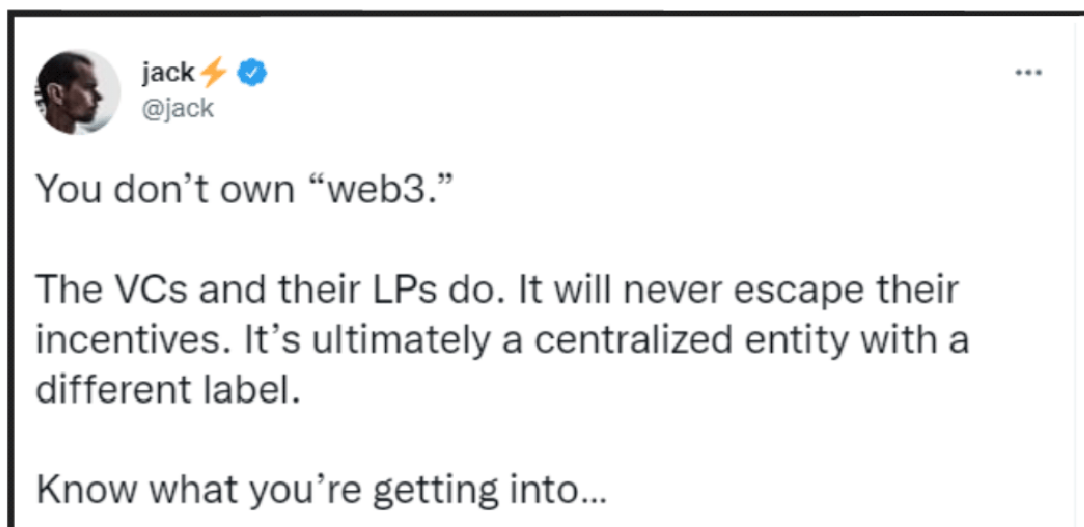
NO MERCY/NO MALICE

Web3

January 14, 2022

**Scott Galloway** @profgalloway

I didn't anticipate how much I'd appreciate a @Jack of fewer trades. Key to progress is class traitors: Generals warning of a military-industrial complex, product managers who narc on mendacious management, and tech leaders who violate the Silicon Valley code of the white guy – never criticize each other or your noble missions to save the world. Jack Dorsey has drawn his sword and taken aim at colleagues attempting to centralize control and gain from the promise of decentralization. Specifically, "web3."



What is web3? It's a hazy/vague term describing a crypto-powered internet, and a font of yogababble. Its promoters would say something akin to:

Web3 is a decentralized version of the internet where platforms and apps are built and owned by users. Unlike web2 (the current web), which is dominated by

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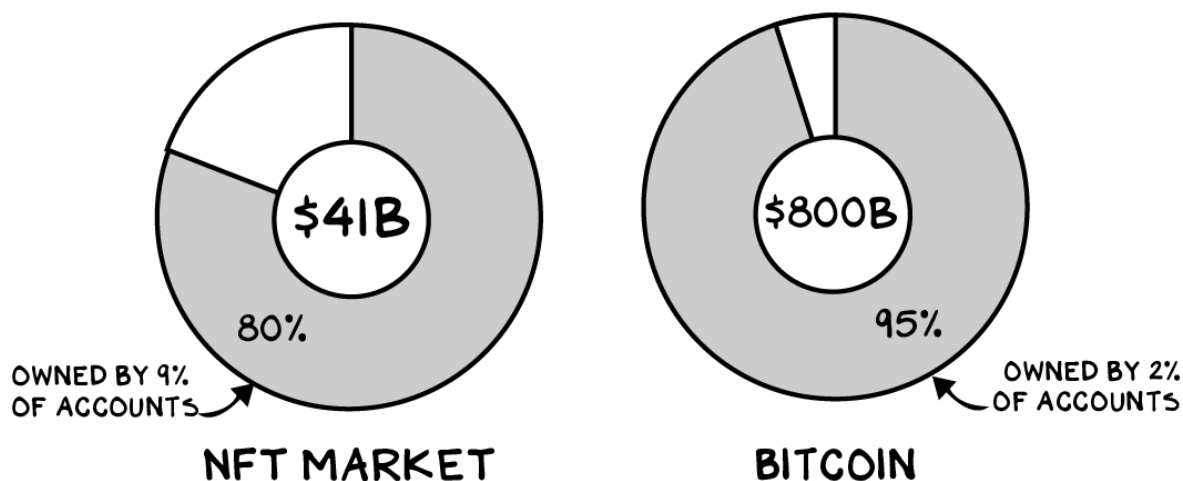
Sounds good. Most of us buy the down-with-Facebook-and-Google narrative. Cut out the middleman, and we all win – especially the little guys. The dispersion of theaters, doctors offices, and bank branches to our homes, smart speakers, and phones offers enormous potential to provide elemental services with reduced friction. Smart contracts could, among other things, reduce agency costs and iron systemic biases out of the process. That’s the promise of decentralization. But does the music match the words?

Reality Bites

The advertised decentralization of power out of the hands of a few has, in fact, been a *re*-centralization of power into the hands of fewer. The top 9% of accounts hold 80% of the \$41B market value of NFTs on the Ethereum blockchain. The practice of “whitelisting” keeps the bulk of NFT profits within a tight circle of insiders. Bitcoin is even more centralized: The top 2% of accounts own 95% of the \$800 billion supply of Bitcoin, and 0.1% of Bitcoin miners are responsible for half of all mining output. If it were a country, Bitcoin would have the greatest inequality in the world.

INEQUALITY IN CRYPTO

2021



SOURCES: CHAINALYSIS, FLIPSIDE CRYPTO NOTE: NFT MARKET=NFTS ON ETHEREUM BLOCKCHAIN NETWORK.

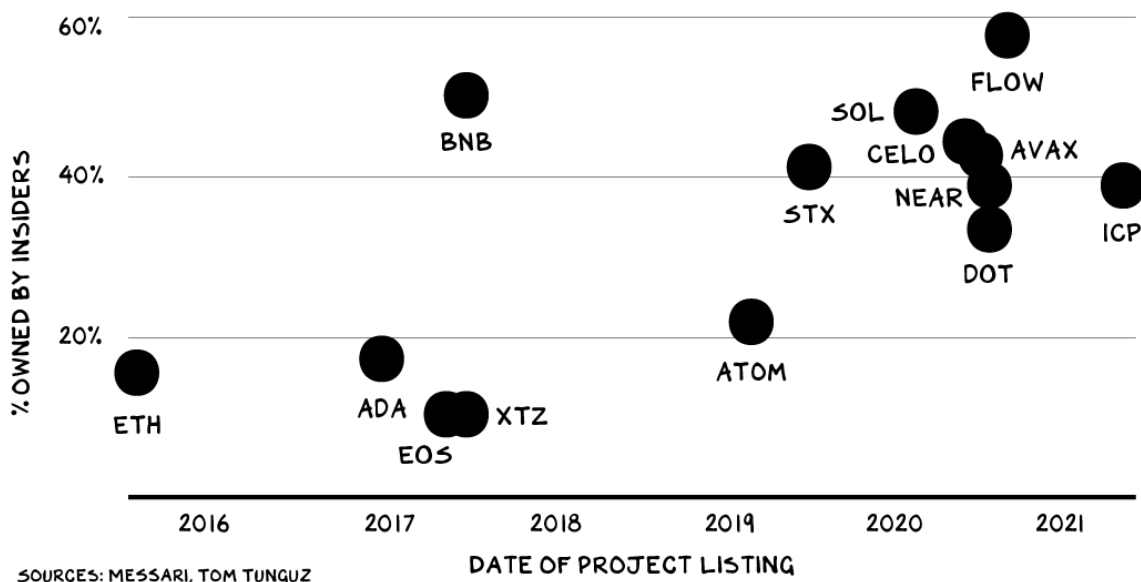
This is not the temporary gestalt of a recently conceived startup that’s about to be followed by a Big Bang of decentralization. On the contrary, as the crypto market evolves, it’s becoming more centralized, with insiders retaining a greater share of the tokens. When Ethereum launched seven years ago, insiders controlled 15%. But more recent web3 projects have launched with insider ownership of 30% to 40%, and

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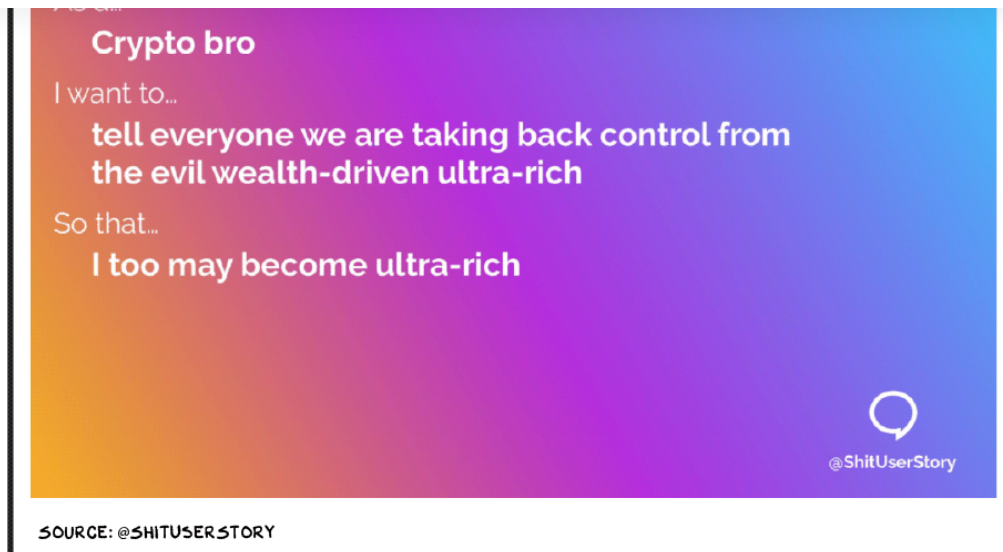
CRYPTO PROJECTS: INSIDER OWNERSHIP SHARE AT LAUNCH



The new guard also looks older and more, well, guardian than the old guard. Specifically, dudes from Stanford/Harvard who conflate luck with talent and serve under the delusion of a mandate to save us while accidentally making billions. Every member of [Forbes's 2021 cryptobillionaires list](#) is a man. A third of them attended Stanford or Harvard. Out of the 12 listed, only one isn't white. The web3 narrative feels like a Ted-X talk given to a survivalist group.

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The potential to establish monopoly power, to own the rails (i.e., to centralize), is increasingly what VCs fund, and that's the true protocol for web3. OpenSea, the world's largest NFT marketplace, is eerily similar to any other exchange platform: In return for making transactions easier and (modestly) safer, the company takes a 2.5% cut of every transaction. The largest crypto company, Coinbase, operates the same way – it has industry-high fees (based on an opaque fee structure) and a CEO who's granted himself and his VC investors dual-class shares with 20 times the voting power of regular ones. Dual-class shareholder structures are weapons of mass entrenchment and a synonym for centralization via corporate autocracy. But yeah, liberate us Brian.

The infrastructure of web3 is predicated on the existence of middlemen. Many of the most popular “decentralized” apps rely on an application called Infura that provides “ETH nodes as a service.” There are many more of these services, such as Alchemy (“powering blockchain developers globally”) and Moralis (“build, host, and scale killer dApps”). The truth is, people don't want to run their own servers, and they don't want to have to write code every time they buy a loaf of bread, so “centralized” services will inevitably arise to make web3 actually work for regular people.

Wild Wild West

Using the word “decentralized” is a corporate sleight of hand that boxes detractors into a position of bad faith. Like “pro-life,” or “tort reform,” it defines the terms before

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The Wild West was decentralized. And we soon discovered that towns need sheriffs and central protocols (i.e., laws). Theft runs rampant on web3. Losses from crypto scams and thefts totaled \$14 billion in 2021. Decentralization promised to replace the middleman (the bank) with blockchain technology, but instead it's created a Coachella for fraud, where anonymity, yogababble, and complexity protect the fraudsters from oversight or accountability. I just reread the last sentence, and it's clear I'm so desperate to be in a crowd of fellow humans (who aren't my family), I've incorporated music festivals into my metaphors. Anyway.

The DAO of Pooh

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ConstitutionDAO, which made news when it lost out in a \$43 million bidding war for an original copy of the U.S. Constitution, hadn't even established a governance model before it shut down, because the founders hadn't figured out how to prevent a few large holders, or "whales," from taking control. Index Coop, a DAO that creates index investing funds, decided it had to anoint some members with leadership responsibilities. (They call them "wise owls," or what we boomers labeled directors/advisors pre-web3. No, really, what's with the animal terms?)

The DAO movement claims to be democratizing corporate governance: With a DAO, all investors can vote on the organization's decisions. But there's a reason entities of any size, from school districts to shoe companies, adopt a representative model instead of attempting pure democracy. Leadership, expertise, and accountability improve outcomes, vs. shallow decisions on long-term issues, subject to the biases and heuristics of what Kahneman describes as our System 1 thinking. What's been positioned as a bug (the friction of centralization) is the feature — it forces us to present evidence and argument to other fiduciaries, grind away, and craft better solutions. It's frustrating, expensive, and (mostly) works less poorly than any system of its kind.

Representative democracy already exists in the corporate space — it's called a public company. For now, token-based organizations are operating in a pseudo-unregulated space, where their ~~securities~~ tokens are immediately liquid and purport to be immune from disclosure requirements. It's likely, and overdue, that the SEC and the courts will soon bring crypto the same "boomer" regulation that's created the most robust exchanges and platforms for value creation in history. The key to these markets is they provide investors the confidence, via rule of law, to participate. Crypto is bringing previously excluded communities to investing, and that's a good thing. But what happens when those communities get hit the hardest by hacks and fraud? Do they ever return to the market?

Centered

Many of our greatest achievements were born from "centralization." This includes the U.S. itself. Pre-revolution, our nation was a scattered collection of mininations that had distinct currencies, foreign policies, and navies. Only after we centralized under the Constitution were we able to bind those nations into a cohesive and

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Centralized systems have inspired formidable tech innovation as well. Last week NASA deployed the Webb Space Telescope. BTW, so much of this is branding – shouldn't *telescopes* be named Solana, and not a blockchain platform that achieves consensus using a proof-of-stake mechanism? Solana (fuck it, I'm renaming the telescope) is a "protocol" that enables us to see into the past. This extraordinary human achievement took the centralization (i.e., collaboration) of multiple space agencies and private enterprises to come to fruition. And they did not use tokens to make decisions.

The same is true in private enterprise. My skepticism of our idolatry of innovators is public record, but I recognize the power of the individual and their ability to dent the universe. Teams need leaders, visions require visionaries. However, the central organization creates the context in which leaders get the best from their teams and remain accountable for outcomes. This is difficult to replicate with software.

None of this is the technology's fault. There is likely great potential in blockchain technology, tokens, and smart contracts, and much of this innovation will be enduring. DAOs offer the *potential* to modernize organizational and corporate governance, a cornerstone of American capitalism that is still largely misunderstood by the public. NFTs offer the *potential* for creators to be better compensated for their work. There are also positive signs that firms will continue to innovate and invest in hardware and services that should reduce fees and increase security. However, like most "revolutionary" technologies, they will ultimately prove evolutionary, changing lives in ways that are meaningful, but likely less dramatic than envisioned. This is the great truth of technological progress: It's always more boring than we expect. The externalities of these innovations have scaled at a similar pace, and they'll present the same risks if we continue to let our idolatry of innovators overrun our slow-thinking government.

Operation a16z

Preaching liberation while sequestering into gated communities is endemic to tech. The "personal" computer was going to free us from the grip of IBM's dominance in mainframes, but it fell under the even greater control of Microsoft. Apple claimed to be a revolutionary fighting Big Brother, but it erected the greatest tollbooth for creativity in history (the App Store). "Information wants to be free" was the rallying

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The wheel turns once again, and the loudest barker at the carnival is venture capital firm Andreessen Horowitz, which has raised a \$2.2 billion crypto fund and is deploying its general partners across the internet as missionaries. One partner preaches decentralization to his nearly 800,000 Twitter followers, and Marc Andreessen (the founder) blocks people who speak ill of web3 (including Jack) – he makes cool memes about it. BTW, I don't think there's anything wrong w/blocking people ... it's your feed.

As @Jack would say: "Words." Andreessen Horowitz is putting its actual *dollars* into companies that build centralized, toll-taking platforms (OpenSea and Coinbase are both Andreessen Horowitz portfolio companies) with the middlemen needed to fix all the user-experience issues and trust issues that come with a decentralized system. Meet the new boss ... he's your old boss.

Munitions

The thing about illusionist tricks is they only work if you don't know what to look for. And more and more people are paying attention to the man behind the curtain. (Even Elon.)

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As word spreads, pressure will build for regulators to start putting preventive measures in place so that 27 million Americans aren't left holding a bag of dog(e)shit. But they need to act. SEC Chair Gary Gensler has been vocal about the problem, but his Commission has offered only a passive response. The entire space holds enormous promise, but, like every other emerging asset class or sector, it will require thoughtful oversight, regulation, and security.

Three Steps

The three steps to tyranny typically involve gaining control of 1) the media; 2) the economy; and 3) the military. The Valley has checked box 1. How's that working for us? The decentralization narrative is cloud cover for a move to Step 2. It is a false god evangelized by high priests who pass collection plates the size of Mars and admonish regulation as heresy.

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decisions are influenced by two firms. Is that a good thing? Pro tip: Ask someone with teen girls. So far, web3 is web2.01.

Life is so rich,

P.S. Join us in Miami Feb 14-16 for three days of future-forward discussions with speakers ranging from **Sandeep Mathrani, CEO of WeWork**, to **Kathy Savitt, President & Chief Commercial Officer of Boom**, to **Meredith Kopit Levien, President and CEO of the New York Times**, and many more. Stay tuned for exciting updates and [Apply Now](#). Space is limited.

P.P.S. Enrollment for the [Scaling Marketing Sprint](#) with **Julie Channing, former Global VP of Marketing for Allbirds**, and the [Customer-Centered Innovation Sprint](#) with **Dr. Sara Beckman, professor at UC Berkeley Haas**, closes soon. Don't miss your chance to level up.

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122 comments

Frd Steerwy • 1 month ago at 4:00 pm

To be honest, I was extremely interested in the successful implementation of this Web space model. However, I understand that at a time when large corporations earn money through indexing, we cannot count on the implementation of these ideas. However, fortunately, there is a Utopia of P2P <https://u.is/>, closed decentralized ecosystem based on blockchain, whose principles allow you to use a closed Web space, an anonymous internal exchange, cryptocurrencies and much more today right on our PC.

Ricardo • 2 months ago at 9:32 am

This tech (NFTs & DAOs) is barely (functionally) 1 year old. It's easy to dunk on it with the first failed attempts as evidence. This article is akin to a man in the 90s saying it is easier to call the travel agency to book a flight than to have to wait for the Dial-up and Netscape to respond.

It is extremely short of vision and looks more like him trying to self-assure himself that

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Matt • 2 months ago at 5:36 pm

You're too kind. It's all a Ponzi scheme when viewed with clear eyes, a solution in search of a problem when given enormous benefit of the doubt.

Mavis Mae • 2 months ago at 10:36 pm

Thankyou for another interesting article. Without centralisation it's hard to achieve standards agreement, especially for interconnection and financial transfer. (I'm old enough to remember the 1980s OSI/SNA/TCPIP protocol wars in IT.) It's also much harder to enforce fiscal and consumer protection regulation. The push behind Web3.0 might be much more about capturing users/consumers with proprietary mechanisms than empowering them.

Samar Singh Sheikawat • 2 months ago at 11:47 am

Absolutely brilliant and hysterical.

Toronto manz • 2 months ago at 4:16 am

Whoever bought Dog coin at 76 cents and continue to HODL it is a victim of insider trading. The mainstream media hyped that to enrich the top 1%.

Melroy • 2 months ago at 8:13 pm

Well I'm creating a web 3.0 product. Called libreweb.org. So I'm pretty sure it's not a vague term.

Roger • 2 months ago at 9:26 pm

Thank you for this wonderful example, textbook quality, of "how to lie with statistics". It provides an incredible amount of material for such a short article. I'll let my students read and discuss it, and certainly recommend this for any introductory stats/social sci course.

Roger • 2 months ago at 9:43 pm

Example?

"Theft runs rampant on web3. Crypto Fraud up 79% from 2020"

The source you took the number from:

<https://blog.chainalysis.com/reports/2022-crypto-crime-report-introduction/>): "But those numbers don't tell the full story. Cryptocurrency

usage is growing faster than ever before. Across all cryptocurrencies tracked by Chainalysis, total transaction volume grew to \$15.8 trillion in 2021, up 567% from 2020's totals. Given that roaring adoption, it's no surprise that more cybercriminals are using cryptocurrency. But the fact that the increase was just 79% – nearly an order of magnitude lower than overall adoption – might be the biggest surprise of all. In fact, with the growth of legitimate cryptocurrency usage far outpacing the growth of criminal usage, illicit activity's share of cryptocurrency transaction volume has never been lower."

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transactions as in purchase volume akin to credit cards? Or is it transactions akin to currency trading? Because all the crypto in existence is roughly \$2.5 trillion.

So I'm guessing you are conflating transactions as in purchase and sale with trading.

In that scenario the theft rate in crypto is exponentially higher than credit cards.

For context, global forex is about \$2.5 quadrillion.

No matter how you cut it the ripoff rate in crypto is depressingly higher than legacy credit cards and fiat.

Psykobanana • 2 months ago at 2:19 am

What more did you expect from a potential libtard?(considering he used "pro-life" as a negative example.)

Probably wearing a mask and a full PPE kit as he reads this.

Yes, scams do exist and so does insider trading – you know, just like the Chairman of Reuters being a Pfizer board member and investor. 😏

Alan • 2 months ago at 9:34 am

Nice article and thanks for dropping a few truth bombs on the web3 fanatics. Already clear from the venom below that you are ruining their day with your dreadful, uneducated insight – how dare you shine a light on facts, when all we ever wanted is mindless hype! Web3 is aspirational, nothing wrong with that, but not a panacea for everything. Pity the fools who don't understand that an opinion piece is an opinion piece.

Justin • 2 months ago at 7:19 am

Most brain-dead article on web3 I've read to date. "conflicted luck with talent" lmao. Sure. Pure luck. Fuckin retard

Hy Sterical • 2 months ago at 9:50 am

Justin, Can you share 2 or 3 examples of a product, service or good that people are now making/buying on Web 3.0 and explain how the transactions being done there are better for both the consumers and the sellers? Would appreciate some real world examples. People use "Amazon" a lot in these analogies. When Amazon started you could go onto a website, order a book and they mailed it to you – it was a mild improvement over the legacy systems. What is the version of that today? Many thanks!!

Matthew • 2 months ago at 10:19 am

Have you heard of a thing called Bitcoin?

It lets you send millions of dollars over any country in a couple of minutes, privately.

If thats not the greatest service ever provided i dont know what is

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...the movement of money all over the world is measured in QUADRILLIONS.

You're more than welcome to move millions all over the world anytime you want.

Bewildering example. Global commerce is massive, private and overwhelmingly secure relative to the volumes.

If by "private" you mean "in a manner non-compliant with the Anti-Money Laundering laws, well, yes, maybe it does that. But the government is pretty good and getting better at catching people doing that....and it is illegal.

Ann • 2 months ago at 1:31 am

One of the best answers to this response.
Just needed to say that.

Sam • 2 months ago at 6:49 am

Some fair points, some points are off. Let's be real, Web3 is in its infancy but will take years to come to total fruition ... So a lot needs to be addressed, which is natural. The figurative dust will settle. The fraudulent players will slowly fade away, or they'll continue to be lumped into / live in the old while the rest build the actual new. One huge fundamental issue the industry is not talking about enough is that so much of Web3 is actually running on a centralized infrastructure/foundation. We can't build a new digital world on top of an infrastructure that is owned and operated by huge corporations. Not sure how so many can turn a blind eye to this topic.

Absilutely • 2 months ago at 6:33 pm

Excellent article. When trust in a government is lost, anarchy isn't the solution, but a new government that is capable of earning back that trust.

Similarly, when trust in big tech corps is lost, these corps need to rebuild trust by putting stakeholders' interests first, not just incremental shareholder returns. This is the culprit in a need of a solution which is intentionally left-out yet used in every web3 narrative.

Web3 and DAOs present themselves as a theoretical solution, but they're far from being practical.

– Achieving consensus in DAOs is rooted in inequality similar to investment banks in the stock market. The few early miners and investors concentrate most of the voting power and financial gains while the masses are left to entertain with political small talk.

– The premise to eliminate the monopolizing middle-man with a decentralized network has proven to make transactions costly / inefficient for consumers while enabling exchanges to be the new monopolizing power.

For now, we're stuck with a round hole and a square peg..

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currencies and more about bonding and staking. Den and Staking are going to be liquidity pools people or companies would be able to lend too. While Cefi kinda like Binance smart chain would be more like where the currency is from. NFT's will be used at a title transfer mechanism for small value processes.

you use the word the wild wild west and I agree. but look at the history here. In 1870's banks started to create notes and it took until the 1970's for the us to finally drop gold and silver as the actually currency. the biggest problem with the term cryptocurrency is that crypto would not be currency at this point. still, rather it is cryptomoney.

Ultimatly this is a very pesimist view and totally incorrect. right now it's like we are in 1998 of the Dotcom bubble. the web is still only being used for email and basic websites.

Social media and e-commerce only starts here. so in the dotcom bubble 90% of the companies failed to produce value. but there is a percentage of companies that continued to generate revenue and didn't find footing until late 2000's like amazon. Im an educated person, and I think you are right in the fact that it is much more corporate backed than some would like to think. JP Morgan backed Ethereum when it was at \$3 a coin. I guarantee they sparked the mass sell-off in 2017 to help fund the build out of the ETH network. from 2016-2019 Jamie Daimon continued to bash bitcoin and praise blockchain.

you might be smart but this article is going against history. and even though history does not always tell the future. Blockchain is almost exactly like the free banking era and in 20 years you will realize how you were all wrong

Hy Sterical • 2 months ago at 7:34 pm

Let me get this straight: so now a pro-crypto person is saying that this is just like when we went OFF the gold standard? I follow this space to try and understand who is conning and who is getting conned. Once it became clear that crypto could not replace currencies and was prohibitively expensive to use, advocates ignored the speculative volatility and honed in on "scarcity" to con people into buying these unregistered securities of no use.

The sheer volume of pro-crypto material that focuses on the destruction of value by the Fed and other central banks is beyond readable (agree its bad, disagree crypto/NFTs/Web 3.0 is a solution of any kind). These views often feature crypto as a new type of hard money that will be some sort of panacea for saving money/making money/social equality and resolving myriad other social ills. Yet professor Galloway has just shown you that precisely the OPPOSITE is true. Worth noting that the last time we had "hard money" was the rise of the robber barons.

So could you kindly clarify: are you saying this is like when we went off the gold standard or is it more like we are going back onto a gold standard? To the degree you think it is like when we went off the gold standard, how, pray-tell, is that going to help us? Where are the similarities?

With all your worldly wisdom and foresight could you please explain how this stuff helps anyone? Why if it is so secure and immutable is it the honeypot for IRS investigations? Do you think that 93% of IRS seizures are cryptocurrencies because they are just so incredibly legitimate? Or do you think it is because they are comically obvious methods for money-launderers to move money around?

I'm a huge fan of financial history. Would absolutely love to hear you explain

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Could not agree more with the professor's brutal and honest appraisal of this thing. But I am open minded so hope you will enlighten us all with something a bit more robust than pointing 20 years forward and claiming that these modern day tulips will end in greatness instead of disaster like they did in 1600s Holland.

Thank you in advance!!

Ryan King • 2 months ago at 1:29 am

Crypto aside, this post fails at a deeper level to be a fair assessment of an emerging technology. Web3 is still in its infancy (and if you think it's not, just look at how recently NFTs, DAOs, DeFi all came into existence). The post makes a repetitive argument that pins perfect (and sometimes inaccurate) expectations on something new, then says it's bad because it's not perfect. You could have time traveled to the 90s and written a similar post about the internet... but look where we are now. No one in web3, like any other emerging technology, is arguing the technology has reached its ideal or doesn't have bad actors. Far from it. But to reject the entire landscape based on a few one-sided assessments of brand new constructs (e.g. NFTs, DAOs) when all these constructs are rapidly evolving daily is silly. It shows short-sightedness and lack of vision. And yes, every assessment was extremely one-sided, failing (perhaps intentionally) to point out obvious positive current and future potential uses of web3. Like any new investment, you judge it not only for what it is right now, but also its future potential. Prof G is better than this, and the extreme one-sidedness makes me question what the underlying motive of this post was? Perhaps a call for attention.

Wagner • 2 months ago at 2:31 pm

You don't want to a16z assume control of web3, because is the same owners of web2. But you want to politicians to regulate web3, like they did with web2, and hope they do a good job now?

You said tyranny is to control media, economy and military. You're ok with current politicians controlling it all? Their incentives are aligned and they are doing a good job? We've to look for alternatives. Web3 is a first step. It's not perfect, but it's going in the right direction. Probably it's need a lot of help from smart people, and you made just one paragraph cheering this effort. Why the next text you don't try to invert: a complete text trying to show the right direction, and just one paragraph saying what's wrong?

Linus • 2 months ago at 5:23 am

I think this is a very interesting point you raise: whom do we trust?

- 1) Do you trust a billionaire, whose goal it is to make more billions?
- 2) Or do you trust a state representative elected by the people who is supposed to work for the people?

If it is 1), then I think you should work hard to get back to 2). This might include making sure that your government actually works the way it should: representing the people.

Personally I choose 2). Even if my state representatives are not perfect, I trust them more to look after my well being than any billionaire. Why should a billionaire care about my well-being? He has no incentive! Perhaps to keep me as a client...

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you said billionaires could give two cents about the average joe, that is why regulations exist otherwise we would have rampant pollution, fraud, and discrimination. HOWEVAH, as minority in the states, its hard to continue putting my faith in #2 after decades of being taken advantage of.

Jonathan peterson • 2 months ago at 11:46 am

By comparison, 10% of Americans own 89% of all U.S. stocks. So the centralization of wealth is worse in crypto than in traditional markets (given lack of regulation, that's good, but it's certainly not what crypto fanbois are selling).

Also world stock markets have a \$70T valuation. So while crypto has a lot of money tied up, all added up, it's probably a bit bigger than the Australian stock market.

Johnny • 2 months ago at 8:18 am

Crypto has no money tied up. Every time you buy some it just means the same amount is being sold. It isn't like stocks where purchasing IPOs mean funds get tied up for the company

Toronto manz • 2 months ago at 4:18 am

Tell it to the father of two who took payday loans to buy Dog coin or Bitcoin at their peaks, and are now losing 50% of what they paid for today.

bankspj • 2 months ago at 7:52 pm

I'm fairly certain the Bitcoin graphic showing 95% of BTC supply owned by 2% of accounts is really misleading. Those accounts are referencing platforms like Binance, Coinbase, etc. Yes, they're stored on those platforms but the coins themselves are distributed amongst millions of users?

sa-co-ta • 2 months ago at 11:23 am

And an interesting rebuttal <https://www.notboring.co/p/the-web3-debate>

C • 2 months ago at 1:46 am

I wanted to read the rebuttal. Gave up after 3 paragraphs of bla-bla, "I feel this and that".

Hanif • 2 months ago at 9:22 am

Scott – Your ignorance on this topic is quite astounding. You ignore some fundamental principles around the adoption of any new technology, take a deliberately narrow view of the world/metrics, and ignore obvious incentives to create technology, along with the benefits of rewarding creators that Web3 provides. Stay in your lane professor. Or at a minimum, put your consultant / academic arrogance aside and invest in learning a subject before forming an opinion on it vs. shooting from the cuff with a few data points one of your team members pulled for you. You have my email if you want a more balanced perspective/conversation on the subject and are open to learning for once rather than teaching.

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you are into crypto I guess.

C • 2 months ago at 1:49 am

Hanif, I guess you did not read the article in full, given your statements like "invest in learning a subject". Do you realize the time the author put in writing this analysis?

What a bunch of losers..

Raghu • 2 months ago at 7:45 am

I didn't expect this and was pleasantly surprised. The network layer and the application layer- à la VC investors and the real developers. A pyramid scheme hidden cleverly behind utopian thoughts. If this is open source, why one need investments? Why not it is crowd funded? Why one need to solve a problem or code, and why not open access with a simple kyc? why mining needs to be concentrated- you create a central bank by default, you see? Is it what you manipulate the gullible or should we say – using Taleb's phrase- IYIs.

The open server concept is never independent and is a distributed server system DSS or cloud in form. Every decentralization is in fact a clever centralized system disguised as democracy.

Que • 2 months ago at 3:46 am

Such a great piece! And I say that as someone who has been involved with crypto for quite a while. Getting the popcorn ready for some blowback. A minority of the crypto space are intensely aggressive in defending their bags under the guise of freedom/decentralization.

Geethan Samarawickrama • 2 months ago at 1:22 am

IMO there are two layers at play, the network layer(the mining nodes and the consensus algorithms) and the application layer (in the ledagr smart contracts). The network layer is bound to get centralized (recentralized), either through forming of consortiums or concentration of mining capital. But at the application layer, there is still room for decentralization (or distribution of business logic across many nodes), the catch here is we have to assume that the network owners incentives are different from the incentives of the application layer.

CryptoXL • 2 months ago at 12:35 am

Great article. I've been saying the same thing for a while now. Decentralization is really just recentralization. Looks like some more power went to the technocrats. The thing is, we still really need decentralization. Case in point, the internet. It's scaling poorly, routing tables don't fit in caches, and hot potato routing is inane. If we are to scale AR / VR and beyond 4K, we need a mesh networked internet, that includes 5G and satellite scaling solutions. The internet started decentralized, and desperately needs it to scale faster. And as far as NASA goes, it's in heavy competition for relevance with all the billionaires going to space. And NASA wasn't the problem, it was companies like twitter and youtube deplatforming people.

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It's been a decade. What business an innovation has crypto enabled beyond the ability to gamble in different ways on crypto? All these "services" and "dApps" and "infrastructure" being built, all this amazing technology.....and to do what? Wash trade tokens, launder money and speculate on which imaginary token is going to go up next.

After more than a decade, what major listed company is using a public blockchain for non crypto-gambling related business? There are none. If the price of the tokens remained static, none of the cryptards posting here would even care about blockchain, because it's simply a crappy ineffective database. What are your thoughts on SQL hmmm? You only care because they have managed to graft a ponzi on top of it that you are heavily invested in. The chance of Sony or BMW or Glencore ever using a public blockchain for anything, is precisely zero.

lee • 2 months ago at 10:04 am

I like this article, although I think it has some wrong conclusions and also outdated data (mostly regarding BTC mining distribution).

However, there are initiatives allowing more transparent and direct charity for example. There are companies working distributed energy networks (or peer-2-peer energy networks) where blockchain is utilised for storing and sharing data and to enable distributed energy economy that was not possible before.

I agree, most of the projects existing today won't exist in the near future. But it was the same with the world wide web on the beginning of the century. These things take time and they need to evolve before they actually revolutionise.

But just allowing an average individual to trade and speculate on projects in this kind of manner is an achievement in my eyes.

It is a technology with great potential, however, that does not mean it can't be used in many different ways (like any other technology or thing).

Also, matching a blockchain project with MySQL is like saying Amazon as a company and an Amazon's database on its own are the same thing.

The Probes • 2 months ago at 8:03 pm

"The internet". This old argument again. The internet had to be literally physically built. And the moment anyone had access to it, they were using it daily.

We all have access to crypto. Anyone with a smartphone.

So....what are the daily use cases? Again, there are none.

Your entire comment is just a variation on "we'RE STIL EarLY"

mate. It's been 13 years. Tick tock tick tock.

Matthew • 2 months ago at 10:21 am

Wait , so, sending value to anywhere in the world in a couple of minutes without having middle men, paying pennies , and completely of government and banks is not a new and extremely important service ?

Dont know if you heard about bitcoin

Jakob • 2 months ago at 9:36 am

You can do all of that without crypto for a

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other transaction fees from the exchanges and takes 30 minutes or more to show in my receiving account. So whats this advantage you're on about?

pr0 • 2 months ago at 5:45 pm

"Meet the new boss ... he's your old boss."

Its a religion • 2 months ago at 2:20 pm

Blockchain as concept failed a long time ago, it was useless at the start, it is useless now. What it did do was create a new religion of gullible people who got promised the future by basic scammers and now they wear it as identity. I really really feel bad for the people that found themselves in this "community" and now they take promoting this stupid get quick rich as spiritual salvation. It is very very sad story, poor victims.

Jacques • 2 months ago at 12:05 pm

Good read! I think the term 'Web3' is overall is being misunderstood and wrongly hyped by the crypto world. Building dApps and other blockchain applications on top of the internet is like building a house on sandy foundation. Web3 is the next generation internet, and must be built from the ground-up or solid foundation, complete with standards, protocols, and sensible regulations.

Gabriela • 2 months ago at 10:15 am

Crypto is not the perfect solution but is no doubtly much better then the old one. That's pretty much what we needed now.

Toronto manz • 2 months ago at 4:19 am

Does the US dollar lose over 50% of its value in a month, like Bitcoin?

Psych • 2 months ago at 8:02 am

This is the most misinformed post on crypto I've read in a long time. Whoever wrote this has very little understanding about the sector, most of the information is either misinterpreted or outright false information. Ngmi

Marco • 2 months ago at 5:50 am

Long time reader here Scott, and I really appreciate what you do. One thing that bothers me – perhaps because I'm not an American – is things like this: "Out of the 12 listed, only one isn't white."

I know that it is part of the "meet the new boss, same as the old boss" point you are trying to make in the broader piece, but I feel like nearly every second piece of yours contains tidbits like this. You have the capacity to elevate yourself above identity politics, you really do.

Anyways, keep up the otherwise amazing and very incisive work!

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Pierre Rasputin • 2 months ago at 7:31 pm

About halfway through I gave up and just read the cartoons. Probably the biggest contributor to the fall of civilization will be corporate speak, and sadly, Scott, you seem to think it makes you sound hip (read: younger). Spoiler. It doesn't.

uh-huh • 2 months ago at 3:48 pm

hey guys, there was \$14billion in "theft" in a \$240 Billion dollar industry! so obviously it's ALL fraud! also, never mind the continued spreading of "bitcoin is centralized" FUD that has been debunked over and over

<https://insights.glassnode.com/bitcoin-supply-distribution/>

Jack • 2 months ago at 3:45 pm

Block (formerly Square), where Dorsey remains CEO, has invested heavily in Bitcoin. An October report in Bitcoin Magazine said the company held nearly 8,027 Bitcoins. That would put the current worth of those holdings at \$390 million.

Catbird • 2 months ago at 2:24 pm

My fav part: "The new guard also looks older and more, well, guardian than the old guard. Specifically, dudes from Stanford/Harvard who conflate luck with talent and serve under the delusion of a mandate to save us while accidentally making billions. Every member of Forbes's 2021 cryptobillionaires list is a man. A third of them attended Stanford or Harvard. Out of the 12 listed, only one isn't white. The web3 narrative feels like a Ted-X talk given to a survivalist group."

Erich • 2 months ago at 12:05 pm

The decentralization =s equality is just not the promise—if we decide to solve that one, that is going to take a social reordering that likely will involve significant disruption and bloodshed.

On innovation — either you do not understand or are obscuring the reality that innovation is not a team sport. You are conflating innovator and contributor. Innovation occurs at the individual level and decentralized innovation has the potential to improve the human condition without the limitations in centralized innovations systems—maybe we need both, but for sure need a decentralized system.

On a16z, I suspect none of the partners at AH are people I would want to have a beer with, but don't they deserve credit for bringing capital to build these companies out? And we can argue about a fair return, but let's hope they crush it because that will mean crypto/decetralization are the better mousetrap. While I am not sure if the fund is evergreen or an X year fund, they will ultimately not hold forever. So do not get your point here either.

Evan • 2 months ago at 11:52 am

There are validity in these arguments. However, there was 0 mention of Defi and why defi is disrupting the traditional banking system. 14 billion\$ of fraud for a 2 trillion dollar

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status quo and abandon web 3.0 . The potential is there to disrupt the current information for personal data web 2.0 model, go build it.

jaron hunter • 2 months ago at 11:18 am

way to turn on the light at a very good party.....

Lou Day • 2 months ago at 10:13 am

Well done. Preaching liberation while sequestering into gated communities is endemic to tech is a great line!

Mitch • 2 months ago at 9:41 am

This article makes claims which are true and rejects the hype but then jumps to conclusions and misses the real value of decentralization.

I agree that there's a lot of hype around giving the power back to the people which is really overblown because in the end this will result in a redistribution of power as these dapp service providers take control. It's clear that no one wants to host their own server or node. There are certainly similarities between the web3 and web2 models that the crypto bros try to downplay to fit their narrative, but you've missed a key difference; With web3, if I'm not happy with the service provided to me I can always choose to leave with my data and go to someone else or, if I'm so inclined, host my own node in the cloud or in my home (again not many people will do this but it's still at least on the table). Another point you're missing is that because a lot of these dapps are open source with all their protocols on IPFS, if I'm not happy with the service I can literally fork the whole thing and start a competitor service with all the same data and history. Even if their protocols are hidden away, the data is always open and accessible for anyone to build on.

Decentralization of the web is about democratization of data; it doesn't mean "wild west" anarchy without corporate control like this article implies. The Facebooks and Googles make money by monetizing massive amounts of data that shouldn't belong to them. This isn't about preventing them from monetizing the data, it's about giving ownership of the data back to the creators so that have more options and aren't stuck in a situation where they rely on a service provider they don't trust.

Ann • 2 months ago at 2:05 am

What are some examples of how owning your own data can help that person?
How do people use their say web browsing data now?

Lukas • 2 months ago at 5:05 am

Insider Ownership:

I am also concerned with the increase in % of insider ownership at launch. Yet, I doubt it can or should be 0%. Bitcoin is an appealing, but hard-to-replicate exception:

Communities rallying around a project need quick access to funding to iterate + innovate at a fast pace.

Messari has an easy way to look up the initial token distribution of a given token.

Everyone should use it to familiarize with the choices initial development teams have

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initial dev team has time to determine if the tokens are indeed tokens.

https://www.sec.gov/news/public-statement/peirce-statement-token-safe-harbor-proposal-2.0#_ftn1

Inequality:

Many of the whale-wallets are controlled by exchanges which represent smaller investors. Until individuals take full custody of wallet addresses they remain an imperfect measure of asset distribution. I do think that wallet ownership should be more transparent, however.

New monopolies:

Yes, there is centralization at the application layer of web3 (Opensea and Coinbase are listed as examples). However, the post fails to acknowledge that these businesses cannot lock their users in as effectively web2 marketplaces and exchanges.

A key characteristic of blockchains is that they are open-source, decentralized and permissionless: Anyone can read their code and various governance mechanisms allow users to voice, exit or remain loyal.

The risk-adjusted utility of a web3 business model (often somewhat manifesting in its token value) is highest if powerful network participants aim for an outcome that looks reasonably fair to all other parties. Otherwise folks will just leave.

That is why social platforms of web 3.0 like Rally, Mirror, and BitClout have effective take rates well below 10% with most of the value sent back to users and creators.

Lo • 2 months ago at 3:19 am

Whether the addresses belong to exchanges or not doesn't make the any less of whales. But the millions of users are acting in concert together under "one" company, which only reinforces the point that they are whale addresses.

Diego • 2 months ago at 1:13 am

I have so far enjoyed reading your musings, and I will continue to do so, also because its good to get different perspectives and point of views. The level of inaccuracy, naivetè, and praising of institution which clearly failed in their jobs in this post is mind blowing. You can do better prof. Galloway, way better. Cheers

RJB • 2 months ago at 2:29 am

Hope so

Bilbo • 2 months ago at 10:04 pm

This post made me rethink whom I should be listening to. I listen to Prof Galloway for insight, but for something I understand, he shows a clear bias in this post and uses the propaganda machine techniques in writing. Skewing data to make a point and flamboyant off-chutes make it clear he hasn't spent but a few hours on the subject to glorify his point of view. Yes, leadership is needed, but glorifying it in a centralized corrupt government is despicable. We haven't had true leadership here in 100 years. Math and rules are what we need to make money sound. Not the whims of whomever we "elected" through redistricted corporate marketed democracy. I think you've lost a

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Christian Bender • 2 months ago at 1:12 am

Unfortunately Prof. Galloway does not understand a single thing about this “new word”. Maybe because he is a child of the “old” system, maybe because he has a different agenda himself.

Some of his criticism is understandable, the conclusions and what he makes of his criticism not.

Marlon • 2 months ago at 10:10 pm

It is good not to confuse decentralization with inequality. Bitcoin never came with the promise of solving social inequality so that everyone can have the same amounts of coins. Inequality has always existed and always will exist in the world. Criticizing Bitcoin for not solving this problem makes no sense, as it never was and never will be the goal of this decentralized currency.

When they say that it is decentralized, it means that Bitcoin is a decentralized currency in its infrastructure. The Bitcoin network has a node in each wallet and in each miner spread across the world, it is so decentralized that to stop Bitcoin just turning off the internet in the world. It is also decentralized in the sense of not having someone controlling it.

Bitcoin is decentralized when compared to a fiat currency, that is called centralized in the sense that the government owns the paper and prints as much as he wants whenever he wants, The fiat currency control is centralized in the government and the digital fiat currency data is centralized in a few servers on the internet.

The decentralization that Bitcoin came to solve was never financial inequality and never will be, criticizing Bitcoin for not solving it is a joke.

Andy • 2 months ago at 2:32 am

Bitcoin is a decentralised infrastructure... so? but the price movements are centralised? when a handful of people holds 80-90% of the coin, isn't it the same as the current currency where a few entities are able to change the market direction?

Didier Thizy • 2 months ago at 6:52 pm

Fantastic piece! The vision of Web3 is about privatizing literally every piece of the internet. Imagine every tweet, every article, every image, every pixel is an asset that is privately owned, traded and speculated on!

Naval Ravikant, silicon valley VC, on web3: “I can see why the Chinese Communist Party wants to ban crypto, because it is antithetical to the idea of users owning things. But for a capitalist society, for democratic society, for a collective society to ban crypto, that makes no sense to me.

Any regulator that stops the next generation of artists and musicians and gamers and game developers from owning their platforms and their work is going to go into the wastebasket of history as a villain.”

You know there are issues when your pitch is basically “If you want to regulate Web3 you're a communist”!

Best page for keeping up with the wildest web3 scams: <https://web3isgoinggreat.com/>

My own plain-language explanation of Web3 and why silicon valley keeps pushing it:

<https://www.stalleygroup.com/blog/decoding-the-silicon-valley-narrative-web3-nfts-and->

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Couldn't agree more!

Renee Hill • 2 months ago at 12:39 pm

Everyone thinks they are playing 3D chess when it comes to web3 but I think prof G is the only person really examining the societal impact. Saying it plainly, we shouldn't trust geeks to solve the worlds problems, in fact, we should do whatever it takes to minimize their influence. Here's why: <https://thefuselage.blog/2021/10/26/the-world-according-to-geeks/>

Kenneth E Rostron • 2 months ago at 12:26 pm

The best ever!1 SG..

SEAN WHYTE • 2 months ago at 11:44 am

the nerds have never been (street) smart enough to acknowledge their limitations... specifically that they only get to do what they do and make money bc the bullies, who are street smart, grouped together (centralized) centuries ago so they could take a break every now and then (ie. see Putin and Biden in Ukraine this week).

RJB • 2 months ago at 2:50 am

The name both of this we never call like putin and biden.

Because they are respected.

I believe this everythings is possible in this platform.

What I want to say hope dear sir you understand

Arthur Kaufman • 2 months ago at 11:05 am

It's not worth an entire post, but I'd like to read a bit more about the dual classes of equity ownership preferred by insiders and bankers, its origins and legacy. I was a stockbroker for 30 years, 1982, to till 2012 (holy shit) and recall very very few deals with that sort of structure. Nowadays, seems like deals can't be promoted w/out multiple tiers of voting power. It's un-something; i.e. fair, for starters.
thanks.

Maruthi VA • 2 months ago at 9:19 am

Web 3 can be truly decentralized and even everyone can have their own metaverse; but its another aspect if one chooses to subscribe to metaverse platforms started by some other company, even if decentralized... Metaverse as part of web 3 may be awkward with goggles; but web 3 as a whole, decentralized on blockchain is the undeniable future of internet.

Stephen Kreis • 2 months ago at 9:03 am

I appreciate the contrarian narrative you offer here Scott. Some great points made, though the tone of the piece feels like you are in an anti Web3/Decentralized future

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cryptobillionaires) is factually wrong by an order of magnitude. (See more comments below by "Bryce" for reference.) I expect better from your team.

All that said, I appreciate your alternative views and it made me put the brakes on my own wormhole "all-in-on-a-Web3-future" thinking. As always, a more nuanced discussion is needed.

Jose Augusto Chez Sanchez • 2 months ago at 8:09 am

As always, Professor G with an eye opening analysis about very important issues that affect us all. Thanks for bringing some light for common people to understand the reality behind this new technology (Crypto/Daos/Web3, etc.).

The phylosophy of a "decentralized" and "free" digital currency and "banking" system that "puts the control in people's hands" is beautiful but, in the end, human greed runs the show. Greed is not bad, keeps being the engine behind all human development but is the same old situation.

We have to just keep, carefully, riding this huge prosperity wave that this new technology brings for individual investor.

Omar • 2 months ago at 6:23 am

You should have Chris Dixon on the prof g podcast or on pivot

Knallfix Lyrix • 2 months ago at 3:34 am

Why am I not surprised that I'm not surprised?

jayjay • 2 months ago at 1:14 am

Scott – you're always a good writer but in recent years, your partnership with Kara Swisher seems to have pulled you to the far left and constant never ending focus on "inequality" and those types of marxist narratives. Like other college freshman that espouse these ideas, you are comparing REALITY to some pretend imaginary ideal in which things are equally distributed. you know from your own life that there are ways the world works and things are NOT distributed equally. that doesn't mean they are unequal. that's a narcissistic immature narrative. we all have areas where we outperform, and also underperform, others. that is reality. that is the real world.

Karl Marx • 2 months ago at 3:47 am

Comrad, While I appreciate being quoted here and there, I noticed most people haven't even read my book "das Kapital" (available on Amazon here: <https://www.amazon.com/Das-Kapital-Capital-Critique-Political/dp/1478245395>). Please take some time to read it.

jaron hunter • 2 months ago at 11:07 am

rofl, why if it isn't good ole Karl...

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space owners, investors and promoters, and shows it's BS.

Mitch • 2 months ago at 10:52 am

I think Jayjay's point is that the author is pointing out problems with crypto which are actually just problems with capitalism while offering no real-world alternative. Bitcoin isn't equally distributed, but no capitalist economy is. The author is falsely supposing that blockchain tech aims to solve for problems with capitalism because of the narrative against corporations, but it's failing to realize it's actual aim is democratization of data.

Craig Gordon • 2 months ago at 1:14 am

scott, you are writing without really doing your research besides reading wall street and current mainstream media...read this great piece about web 3 and why it will be decentralized:

<https://theconversation.com/the-metaverse-is-money-and-crypto-is-king-why-youll-be-on-a-blockchain-when-youre-virtual-world-hopping-171659>

Michael McCabe • 2 months ago at 12:18 am

'The top 2% of accounts own 95% of the \$800 billion supply of Bitcoin, and 0.1% of Bitcoin miners are responsible for half of all mining output. If it were a country, Bitcoin would have the greatest inequality in the world.' seems to sum it up.

Mitch • 2 months ago at 10:18 am

Does it? This kind of zipfian distribution happens in all economies and the natural world and it's not something Bitcoin or even crypto as a whole had ever claimed to solve. If you're opposed to Bitcoin because of this distribution then I'd caution you to take a closer look at the history of our current FIAT economy. Web3 is about democratization of data and ownership, it's not some anti-capitalist agenda to make everyone equally rich.

Toronto manz • 2 months ago at 4:21 am

Garbage. No one holds 80% of the US dollars, and we have elected politicians who have to answer to us when inflation gets too high. Bitcoin is a Ponzi scheme which enriched a lot of the billionaires at the expense of the American middle class who took payday loans to buy Dog coin at the peak.

haresh • 2 months ago at 12:07 am

interesting contarian view on WEB 3 and DAO.
THANKS

c cook • 2 months ago at 10:27 pm

Good column, but please cut the continued racism. 'White guys' are doing most of the good/bad in tech, not because of nefarious reasons, but because of education and degree. Whites/Asians males are doing the heavy lifting here. The woke/left educational

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Engineering is socially uncool in Inglewood and Oakland. Having worked with underserved HS students, the issue isn't brains or talent. It is social pressure and woke/left marketing of what is cool. Maybe if NYU branding graduates focused ad-targeted kids to a real, usable education instead of selling them NBA endorsed tennis shoes and flavored booze, the next Web will be truly diverse.

Eric • 2 months ago at 12:24 am

You're getting caught up in your own emotions and you're forgetting historical context. White men have the most positions of power because the USA's wealth and infrastructures were created from enslaving other races and keeping women as second class citizens as well. Society will catch up hopefully, but those power structures haven't been totally dismantled, and this history is very recent. You're just as naive and biased if you're claiming that most white men on the whole are well intentioned thoughtful individuals looking to vacate the spaces they have been handed down to new people who aren't like them. You and many others have an anxiety about the changing world because previously you were given everything without question. Just approach all things with compassion and understanding. Justice and equality are not a bad things. They're allegedly the things this country is proud to uphold.

Barry • 2 months ago at 2:25 pm

Hi Eric, I think you are missing the point. No one questions that there were slavery and greater gender inequality, but let's not be naive. There is no such 'White Men' thing as an organization, Jobs, Zuck, Bezos and others did not create their corporations with a goal to keep minorities poor. They did it because they wanted to make money, and they had skills and support needed to do so (and some luck). And there is overrepresentation of 'White Male' in Big Tech, because there is overrepresentation of 'White Male' in STEM. You will likely not find the next Bezos on 'Black/Gender studies' as the skillset and network requires will not be there

jaron hunter • 2 months ago at 11:10 am

Scott struck a nerve here...

Benny • 2 months ago at 2:50 am

Amen

Ottie • 2 months ago at 9:00 pm

Insightful stuff.

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technology to be decentralized, yes, but it has evolved now to a point where decentralization is not in fact the most attractive aspect of DLTs and web3. The real value lies in the ease of accessing transactional data and the history of all activities on web3. People are waking up to the fact that there is no such thing as privacy in web2. Large companies use your data and leverage it for gain. Web3 offers an ecosystem where all cards are on the table. If no one has a monopoly on that data, everyone has more freedom, and user can re-route who gets compensated for their activity on the web. That's what people talk about when they say it is decentralized. It does not necessarily have to do with avoiding all capitalistic, centralized stakeholders. If everyone has our data, no one owns it. There is more freedom in that world than the status quo.

Roger • 2 months ago at 8:46 pm

Which means that people will have to pay with money rather than attention or data sharing. How many will do that? Especially when loss of privacy means getting relevant ads delivered to you.

Mitch • 2 months ago at 11:21 am

Or it means that people can continue to pay for services with their data but now have the option of taking that data to an alternative company or forking the platform if they disagree with policies. It could also mean that people can choose to share or sell that same data on other platforms or with other services with complete control over who has access to what and without permission from someone who holds their data for them. The blockchain is open and transparent, but that doesn't mean it's not encrypted. The chain is a record of data, not the data itself, so it doesn't represent a loss of privacy, it's actually a boost to privacy because you can withdraw access to your data at any time, and if the data is stored on IPFS instead of a centralized server there's no single point of failure so it's actually more secure.

Travis • 2 months ago at 10:03 pm

Can you explain why I would want the entire world to have access to a log of my financial transactions? How do I possibly benefit from that?

Donald • 2 months ago at 10:30 pm

This is both nonsense and bullshit, in the technical sense.

Bilbo • 2 months ago at 10:09 pm

Amen to that. No clue what he's writing about here.

Leonidas • 2 months ago at 11:16 am

Having my data being held hostage at a big corporation is bad, but this promise of "everyone having my data" sounds even worse. Guess I'm passing

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MITCH • 2 months ago at 10:32 am

The blockchain is open and transparent, but that doesn't mean you're openly just publishing your data for the world to see. The blockchain isn't the data itself, it's just a record of where the data exists. Whether or not that data is actually accessible depends on if or how it's encrypted. That means freedom to choose who has access to your data and what they're allowed to do with it as opposed to trusting Google/Amazon/Meta to hold all your data for you and not exploit it.

jaron hunter • 2 months ago at 11:12 am

most sensible response I've seen on here, thanks Connor!!!

Pawel Pawlak • 2 months ago at 6:45 pm

I agree that decentralization of everything in 100% in its entirety has no right to exist. But on the other hand, on the example of Apple (but also Google and FB) where one company controls well over half of the market through acquisitions and mergers, it is also not a good solution. So blockchain technology, and for example, governance by tokens (tokenization), makes perfect sense where decisions of this type whether one company is to control everything will be made to the decision of all users of a given ecosystem/environment. Even Coinbase and other similar companies would be finally verified when it comes to their management using blockchain (and governance by holders of tokens). And the very idea and the possibility of using smart contracts go beyond our, even currently understood, version of the Internet. So I agree that some parts will be centralized and must be (I think) for blockchain to become mainstream and mass adoption – but here I have no doubt that it will be. When the Internet was born, people also said that “cool, cool, but what can you do with it and who needs it?”

Walt Wilson • 2 months ago at 5:50 pm

A ponzi scheme with imaginary unicorns. Another exercise that depends on finding the “greater fool”.

c cook • 2 months ago at 10:30 pm

NFTs and the like are tomorrow's Disco. People will be asking themselves in 10 year 'what the hell were we thinking'.. farts in a jar..'

Walt Wilson • 2 months ago at 8:29 am

Well said. Like that once high-valued item, the “Pet Rock”.

John MacDougall • 2 months ago at 5:47 pm

“Coin” is the longest running pyramid scheme I've ever witnessed.

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Phillip H Soltan • 2 months ago at 7:30 pm

I don't know about the longest but certainly the most obvious.

Gary Rowe • 2 months ago at 5:14 pm

I'd appreciate a Swat Team round up of all the Criminal Billionaires Worldwide that have perpetuated the "BIG Lie" and the Planet destroying CEO's with the narratives of Crypto and Fossil Fueled Endless Growth. Greta is not wrong, this is a Crisis and There is no time to waste. Seize their assets and park them at Gitmo until PPM start to come back down. Why can't the next 3 Trillion dollar company be one that works on Saving the Planet ? Profit from Restoration ! Make me want to get out of bed and save us from ourselves ? Or at least demand that to continue with this nonsense a 20% Planet tax that helps us create a Restoration Fund be the cost of their doing nothing.

The 9.9 percent by Matthew Stewart and "Democracy in Chains " by Nancy Walker are both Illustrative books to see just how pointless it is to try to reason with those who profit from these ventures.

Scott, Please host both of them on Pivot soon. If you haven't read them. Please. Thanks

Andrew • 2 months ago at 4:41 pm

Everyone uses the information phrase wrong. It's not just " Information Wants To Be Free. " it is also "Information also wants to be expensive. ...That tension will not go away." The full quote makes a ton of difference.

Bryce • 2 months ago at 4:31 pm

Hi, Team. Interesting takes. One piece of feedback: Fairly significant error on one of your data pieces.

Looking at only wallet addresses to determine BTC dispersion is misleading. Many "whale" wallet addresses belong to exchanges like Binance, Coinbase, etc. that hold the asset on behalf of millions of users who do not self-custody.

Here's a good, brief summary of the data from glass node:

<https://insights.glassnode.com/bitcoin-supply-distribution/>

Cheers...

dongle • 2 months ago at 5:21 pm

So the decentralized revolution of BTC is being primarily propped up by completely opaque exchanges that, in effect, centralize BTC. Wow! It's certainly groundbreaking in that it's even more self-contradictory than I thought it could be.

Matt U • 2 months ago at 4:20 pm

Great post. It does seem like a lot of web 3 is a pyramid scheme, mixed with a ponzi scheme, backed by large venture firms who are taking advantage of a legal gray area. However, there are also a lot of cool tools being developed as well. Seems a little like 1999 where simple websites got billion dollar valuations because people had FOMO on all things "internet." As was the case then, there will likely be a lot of losers when everything

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Doug McConnell • 2 months ago at 3:54 pm

Been doing this IT thing 30 years. Decentralizing/putting control into users hands has been the promise of the Internet, Web since the dawn of Arpanet. Problems are a) The average user would rather someone else manage most of that messiness and b) The fact is some people are much better at it than me and group together to amplify their abilities and then because they provide that service to group 1 expect to be paid for it. Oops. I guess that's evil.

Connor • 2 months ago at 3:53 pm

Scott, this is a fantastic breakdown of all shit I, a developer inundated with web3 b.s., smelled but couldn't put to words or numbers.

Robert Akscyn • 2 months ago at 3:48 pm

Enjoyed the read – fun and thought provoking as usual. Yes – “Ask someone with teen girls.” Exactly.

Yuri B • 2 months ago at 3:10 pm

Decent post until the end. The government is far more tyrannical than a few tech nerds. Their mainstream media allies have lost all credibility, as disaggregated networks like Substack deliver more signal and less noise. Your employer CNN lost 90% of its prime age viewers and 2 of its employees were recently arrested for pedophilia. Politicians and central banks brazenly manipulate the economy through lockdowns, mandates, and money printing so now we have record inflation. The current regime brands everyone who opposes it as a domestic terrorist, which history shows is a precursor to violence. As your dear Elon recently said, “government is simply the biggest corporation, with the monopoly on violence.” And finally – why do you hate race and gender so much? Might want to get some therapy for that.

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