



Dogecoin vs. Ethereum: An Unbelievable Rise in 2021

Description

Dogecoin has been in all the major news headlines this year. What started as a joke based on a Shiba Inu meme in 2013 gained notoriety by climbing by over 8,000% in 2021 alone. Many reasons can be attributed to these [unbelievable gains](#), and Elon Musk happens to be the most important factor in its rise.

Through repeatedly tweeting about the cryptocurrency in 2020, Elon made Dogecoin quite popular among retail investors. He even tweeted to ask his followers if they would like his company SpaceX to begin accepting Dogecoin as a means of payment, attracting thousands of investors to the cryptocurrency.

Investors who have seen what has happened to bubbles in the past already understand where the situation is heading. You can consider making money by getting some profits by investing in the cryptocurrency and exiting at the peak before it declines again. Or, you could consider another cryptocurrency.

Why is Dogecoin not an ideal cryptocurrency?

Most cryptocurrencies available right now come with a limited number of tokens that will ever enter circulation. The artificially created limit is a major reason why cryptocurrency bulls can associate with these decentralized digital currencies having any potential as a store of value.

However, Dogecoin was never designed with such limits. While Elon Musk bought thousands of dollars worth of the meme-based cryptocurrency, its inadequate economics are setting it up to crash at some point inevitably. Many investors may lose a good deal of money in the cryptocurrency as a result, and Elon will not be as badly affected as most others.

Almost 130 billion Dogecoins are currently in circulation, and the number keeps rising. To makematters worse, just 13 cryptocurrency wallets hold half of all the Dogecoin in existence. Theseconditions make Dogecoin an ideal candidate for a pump-and-dump scheme, and we recently saw anexample of that.

The latest sell-off in the cryptocurrency world has seen Dogecoin's value fall from \$0.7376 per unit to \$0.3974.

The main goal of creating cryptocurrencies was to introduce decentralized networks. With almost 70% of all Dogecoin owned by 99 different addresses, it is far from being such a currency and be targeted for price manipulation.

Ethereum is an ideal cryptocurrency

Ethereum is the second-largest cryptocurrency worldwide and presents itself as a far better store of value than Dogecoin for many reasons. Elon Musk raised highlighted issues regarding high cryptocurrency mining costs, leading to the latest bearish run for cryptocurrencies in recent weeks. However, developments that reduce cryptocurrency mining costs and reduce the overall carbon footprint could be the key to solve that problem.

Ethereum may have the best potential to achieve lower mining costs. Ethereum's blockchain network uses a proof-of-stake system instead of a proof-of-work system to secure the network. The method is a far more energy-efficient method to secure the blockchain network and gives Ethereum the potential to become a viable solution to the problem.

Ethereum 2.0 should launch sometime in 2022 and offer 99.95% lower energy consumption than the current technology. Ethereum's blockchain network is also responsible for non-fungible tokens and decentralized finance platforms, making it far better than Dogecoin and most other cryptocurrencies right now.

Foolish takeaway

Given the promising prospects with Ethereum 2.0, it looks far more attractive a cryptocurrency than Dogecoin in many respects. Canadians can now buy and hold Ethereum in their Tax-Free Savings Accounts (TFSA's) and benefit from tax-free gains as the cryptocurrency grows.

Ethereum is still a [volatile](#) cryptocurrency and is trading at an over 30% discount from its record highs. If you are bullish on Ethereum but do not directly want to buy the cryptocurrency, you could consider buying the **Purpose Ether ETF** ([TSX:ETHH](#)).

Launched in April 2021, this Ethereum-centric exchange-traded fund is ideal to gain indirect exposure to Ethereum and capitalize on its growth.

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