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Blockchain and Smart Contacts (notes)

1. What would the Algorithmic Accountability Act (AAA) require? (Assume it applies.)
   1. We assume this has the information of millions of people
   2. They will have very sensitive information.
      1. Your bank/garnish wages/funds
   3. Some impact assessment is required to understand what the impact of the system they create on the user of the system is
   4. Need to check whether or not they deliberately used data about a protected class, and if the distribution of outcomes is correlated to a protected class. If they don’t have access to protected data, are they safe from accusations that they’re using it?
   5. Could get in trouble w/ being discriminatory if they just use re-payment data
   6. You need racial data as a post-facto check, to see if there’s any correlation between our outputs and yours
   7. Base judgment of a person based off of their payment/nonpayment
   8. Dodges bias inherent to credit scores
      1. But credit scores are based off of the same thing?
      2. Certain groups of people tend to have lower credit scores b/c it works as a proxy
2. How could AAA be improved for this use case to better protect society? To promote innovation? To inhibit innovation?
   1. Require some assessment of individuals and if they’re treated differently based on any protected class designation
      1. All the things you can’t discriminate upon, does it show any correlation on that
   2. Does the AAA require some form of data-security?
   3. Whatever current laws that exist for data security seem to be willfully weak or under-enforced
   4. Depends on what kind of assessment this requires (subject to FTC’s whims)
   5. Some type of monitoring/provisioning that says “if we don’t have all the correct info to give a deterministic answer, so we will provide a provisional improvement of the system and monitor it further”
   6. With a drug, we can say we need some research on some subpopulation, but we can’t just integrate this with a part of the world.
   7. Act could call for some creation of a standardized report and require regular rating system?
   8. Want to know more about data security/identity protection/cash that disappears
   9. Could you foresee the Flash Crash?
3. What additional potential harms might arise that are not contemplated in the use case?
   1. Possible some bias is introduced by the fact that any credit monitoring is a proxy for socioeconomic status which is a proxy for race (system becomes racist)
   2. Usually, there shouldn’t be a gender-disparity in credit scores but we could be wrong about that
   3. Car insurance for a teenage male is higher than teenage females. Isn’t that illegal and discriminatory?
      1. Even if it’s true, the law says you can’t do that off protective status
      2. You cannot utilize the knowledge that the We Are Equal rule fails
   4. Note: Protected attribute does not include car color (red car = higher insurance)
   5. Possible money laundering?