Trust Zones

I am an agent

I have a goal

But I can't do it all by myself

So I delegate *{ responsibilities & resources }* to another agent

This makes me a principal

Now I have a principal → agent problem

A principal can't be 100% sure their agent will *act* in their best interest

A principal can't be 100% sure their agent won't *capture their resources*

Principal → agent problem = lack of *trust*

100% confidence in your agent = full *trust*

What techniques do I have to increase trust in my agent?

Reminder: trust is a principal's *prediction* that an agent will *act* in their best interest

Technique 1: **constrain** what the agent can do

Constraints are pro-active, "physical" rules restricting what agents can do

Blockchains and smart contracts are really great at **constraints**

But constraints don't always work

Creative work requires flexibility that constraints intentionally limit

Agents need **agency** to do their best work

Often impossible to pre-define everything what an agent will need to do

But more flexibility for agents means more risk for principals

Solution: make additional rules and enforce them *retroactively*

Technique 2: **Accountability** (retroactive enforcement)

Accountability is the only tool that tradOrgs have

Accountability always requires something at stake

Accountability always requires something at stake

Freedom

Reputation

Access to future opportunities

Financial assets

DAO tokens

Compensation

Technique 3: **Eligibility** criteria filter out agents that don't qualify

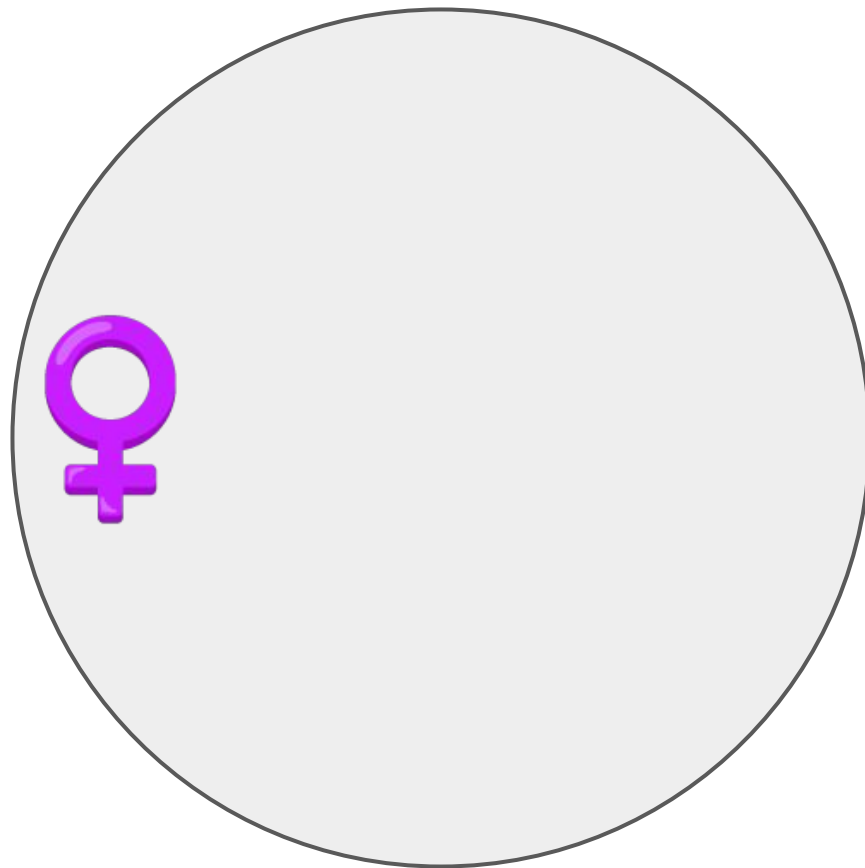# **Eligibility** criteria can include…

Skill sets

Credentials

Reputation

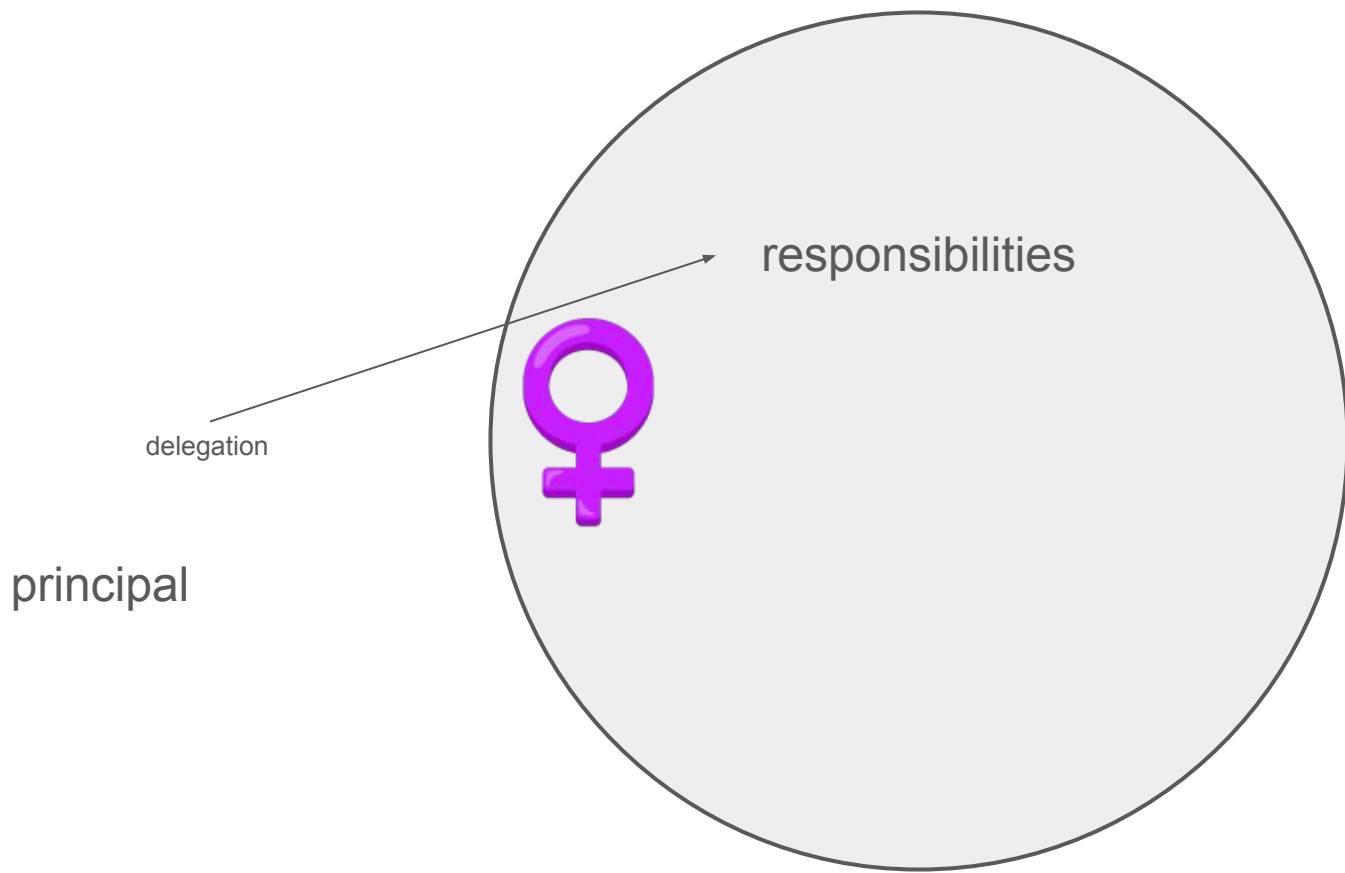Credible commitments (enabling accountability)

Techniques for increasing trust
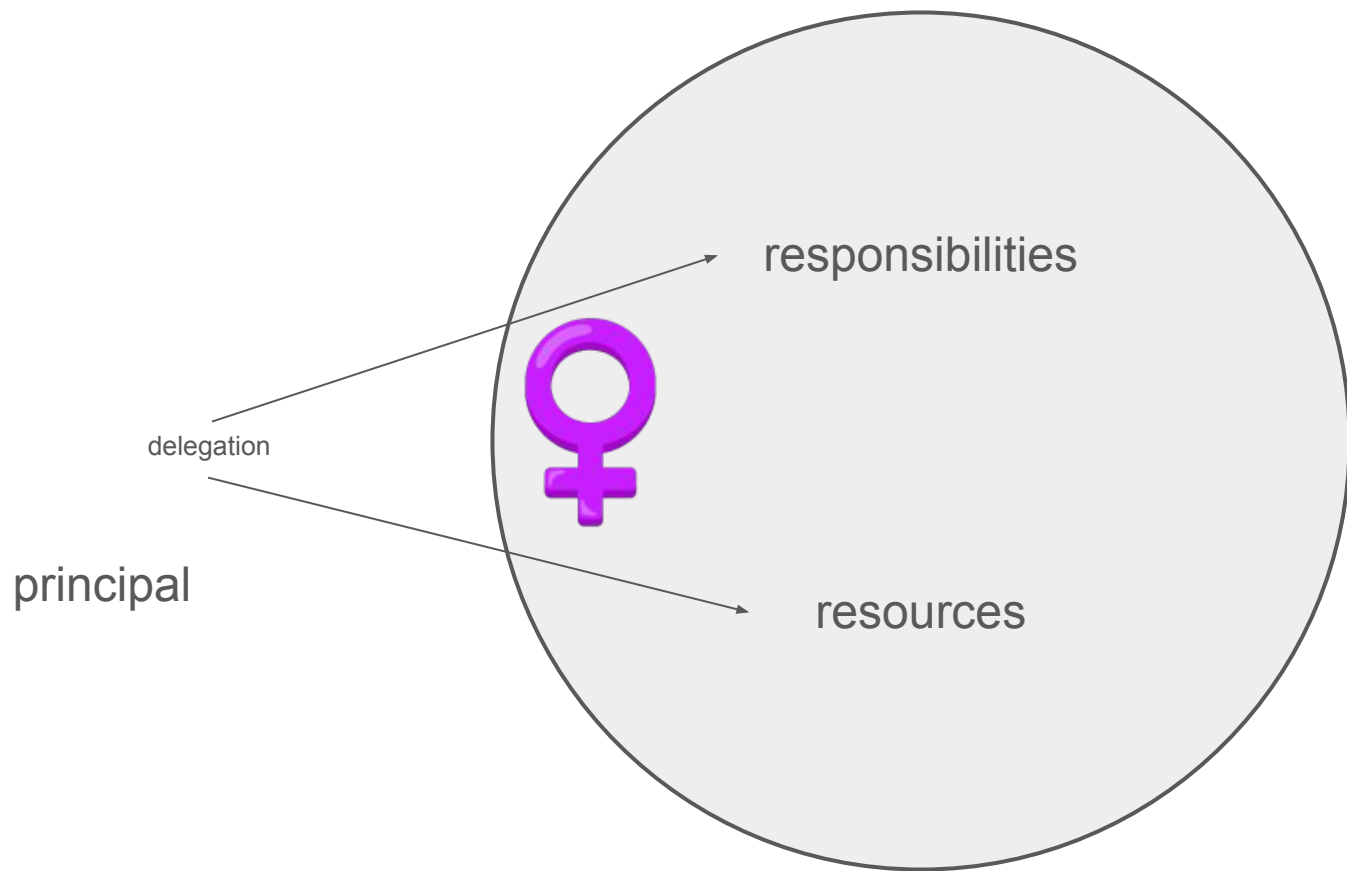
0. Resource sizing

 1. Constraints

2. Accountability
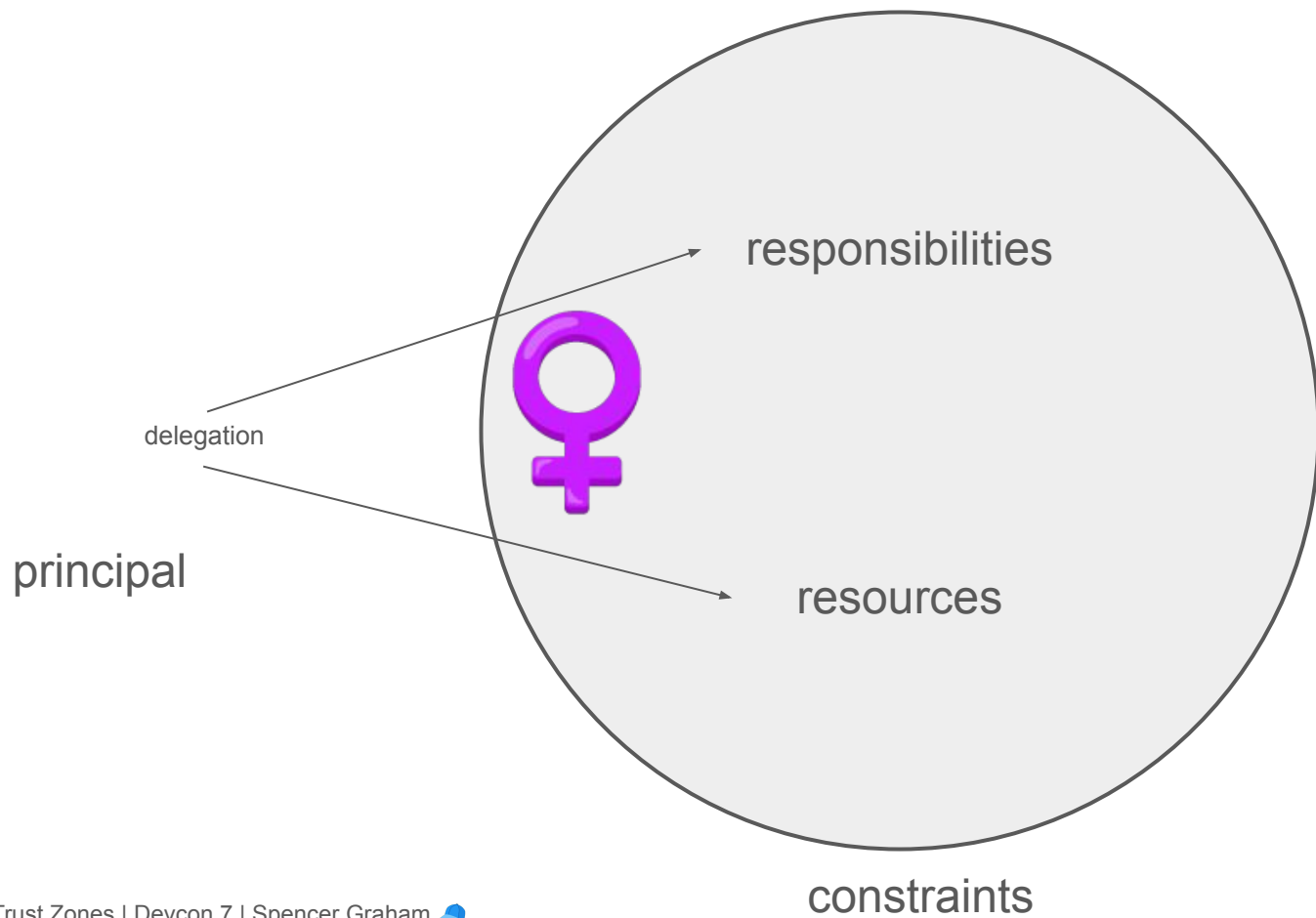
3. Eligibility

Imagine a container

principal

responsibilities

delegation

principal

responsibilities

delegation

principal

resources

principal

delegation

responsibilities

resources

constraints

responsibilities

eligibility

delegation

principal

resources

constraints

responsibilities

eligibility

delegation

principal

resources

constraints

responsibilities

eligibility

delegation

principal

resources

revocation

accountability

constraints
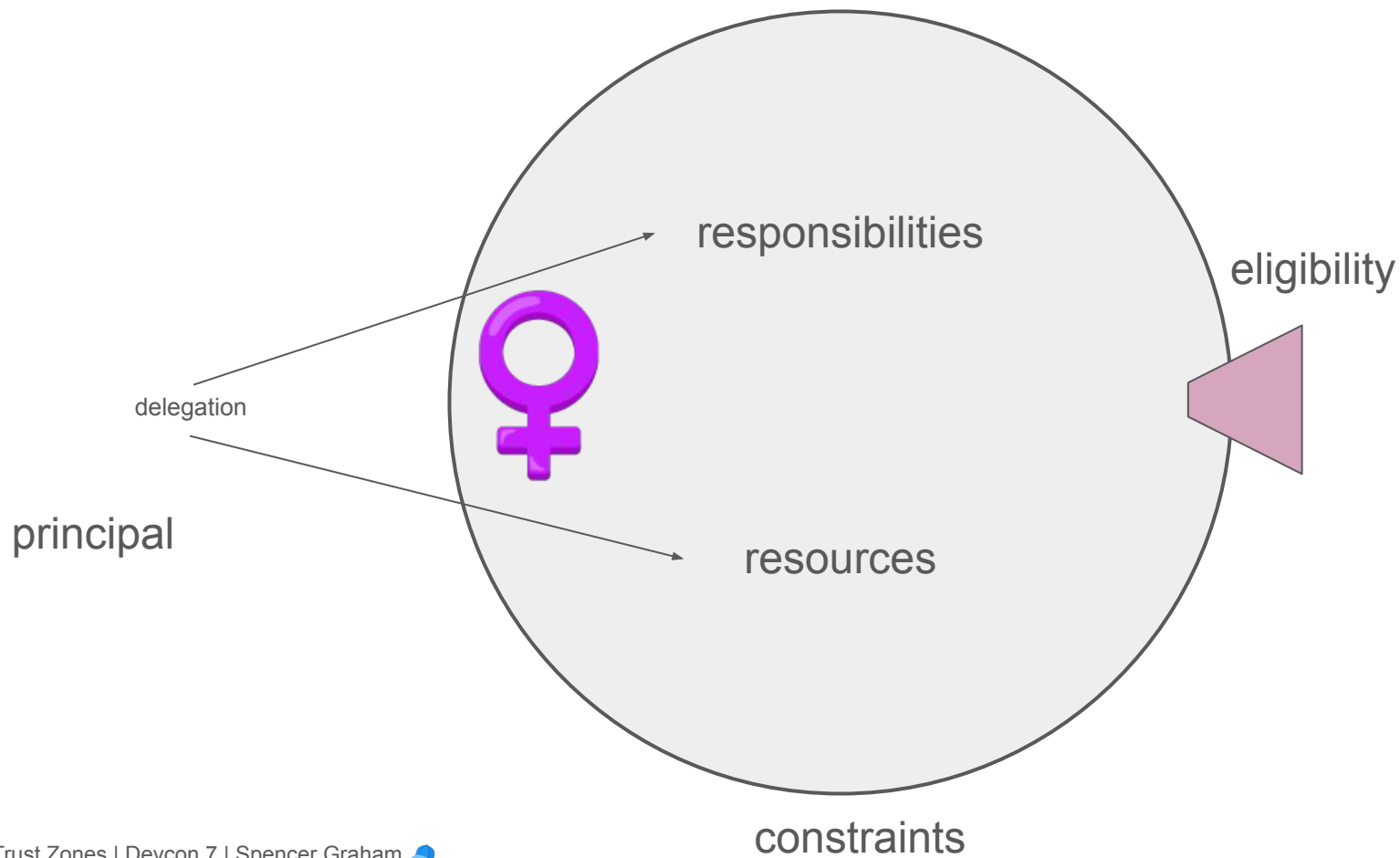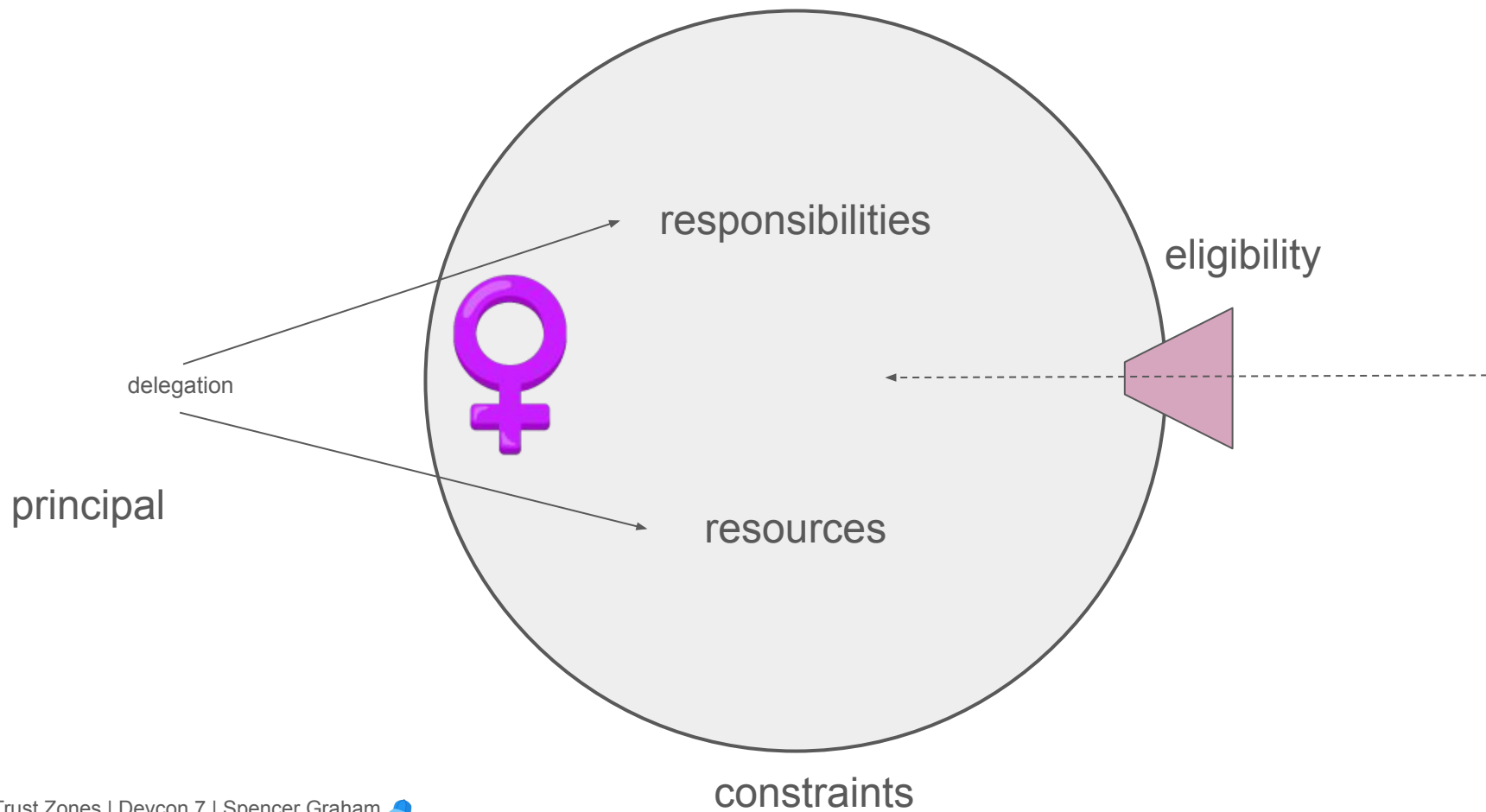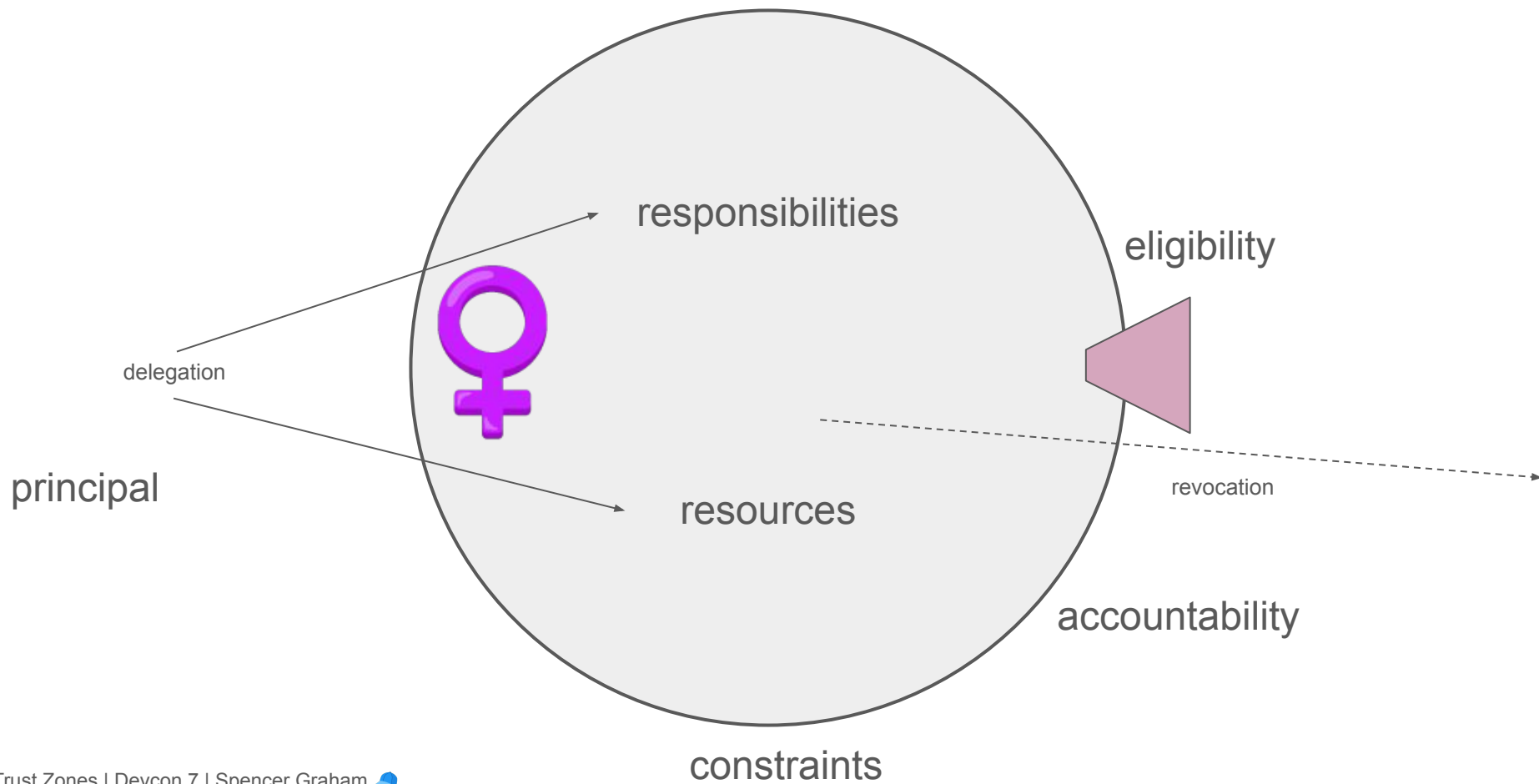
Inside the container,
the agent has full **agency**

Inside the container,
the agent has the principal's full **trust**

I call these containers **Trust Zones**

Trust Zones: how principals confidently delegate to agents to maximize their goals

With **Trust Zones**, we can optimize delegation and operations

All of our techniques* are dials we can turn up and down

* properties of a Trust Zone

We can create the same level of trust with different combinations of these properties

With *stricter* **eligibility criteria** we can *decrease* **constraints**

With *stronger* **accountability** mechanisms we can give agents *more* **resources**

We can hold **trust** *constant* while optimizing for *cost* and other scenario-specific factors

Traditional orgs cannot do this

Traditional orgs are *stuck* just a single technique: **accountability***

* retroactive enforcement of soft rules

DAOs can do it all

We can program Trust Zones with access to the entire design space

Another word for a Trust Zone is a **role**

When a principal delegates to an agent, they assign the agent to a role

When we define roles onchain with smart contracts, we can make **the best organizations ever created**