



Cryptocitizen:

Smart Contracts, Pluralistic
Morality, and Blockchain Society



Phoenix AZ, May 27, 2015

Slides: <http://slideshare.net/LaBlogga>

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Thesis



Blockchain technology is not just about cryptocurrencies, registering wills and IP on blockchains, and bank transfers taking less than 3 days to settle, philosophically blockchains invite a new level of thinking about the sensibility of the Cryptocitizen and possibilities for societal design

Agenda

- **Introduction**
- **Part I**
 - Smart Property and Smart Contracts
 - Cryptolaw and the Cryptocitizen
- **Part II**
 - Smartnetworks and Consensus Trust
 - Pluralistic Morality and Enacting Friendly AI
 - Design Space of Digital Society
- **Conclusion**



Melanie Swan, Blockchain Scholar



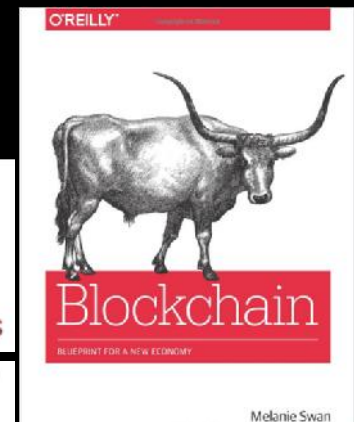
- Founder, Institute for Blockchain Studies
- Singularity University Instructor, EDGE Contributor
IEET Affiliate Scholar

- Swan, M. [Blockchain: Blueprint for a New Economy](#). Sebastopol CA: O'Reilly Media, 2015.
- Swan, M. [We Should Consider The Future World As One Of Multi-Species Intelligence](#). Response to The Edge Question 2015: What do you think about machines that think? John Brockman, Ed., 2015.
- Swan, M. [Cognitive Applications of the Brain as a DAC](#). Cognitive Science 2015: The Annual Meeting of the Cognitive Science Society: Mind, Technology, and Society, Pasadena CA, July 2015. submitted.
- Swan, M. [Philosophy of Big Data: Expanding the Human-Data Relation with Big Data Science Services](#). *IEEE BigDataService 2015*, Redwood City CA, Mar 31-Apr 2, 2015.
- Swan, M. [Blockchain Thinking: The Brain as a DAC \(Decentralized Autonomous Corporation\)](#). Texas Bitcoin Conference, Austin TX, March 27-29, 2015.
- Swan, M. [Machine ethics interfaces: An ethics of perception of nanorobot-aided cognition](#). Journal of Responsible Innovation. submitted.

*Traditional Markets,
Science, Arts Background*

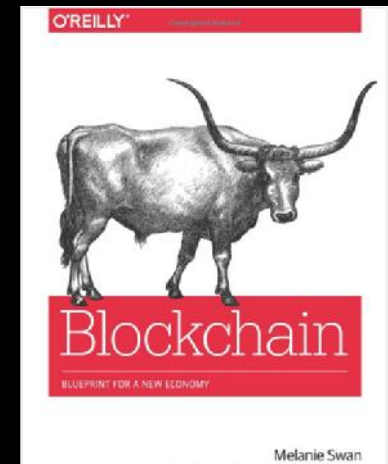


New Vision



Blockchain (non-technical overview of blockchain possibilities)

- What people are saying...
 - #mindblowing – SD
 - Instrumental – SG
 - Intriguing - JH
 - Great to read your book! Willing to transform your ideas to real life – AW
 - I find it amazing ... a good mix of explanation about state-of-the-art products as well as visionary ideas. I was waiting for awhile for this kind of book – JM
 - A compelling and unique overview of the possibilities – DC
 - Thank you for helping bring about a new era in finance – JW



Bitcoin-FinTech-Blockchain Growth



MIT
Technology
Review

Why Bitcoin Could Be Much
More Than a Currency May 8, 2015

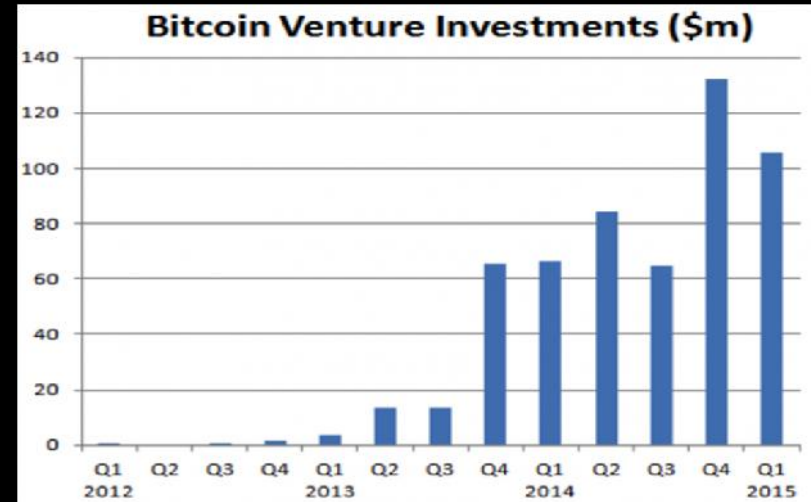


Nasdaq Launches
Enterprise-Wide Blockchain
Technology Initiative May 11, 2015

Goldman and IDG Put \$50 Million to Work
in a Bitcoin Company



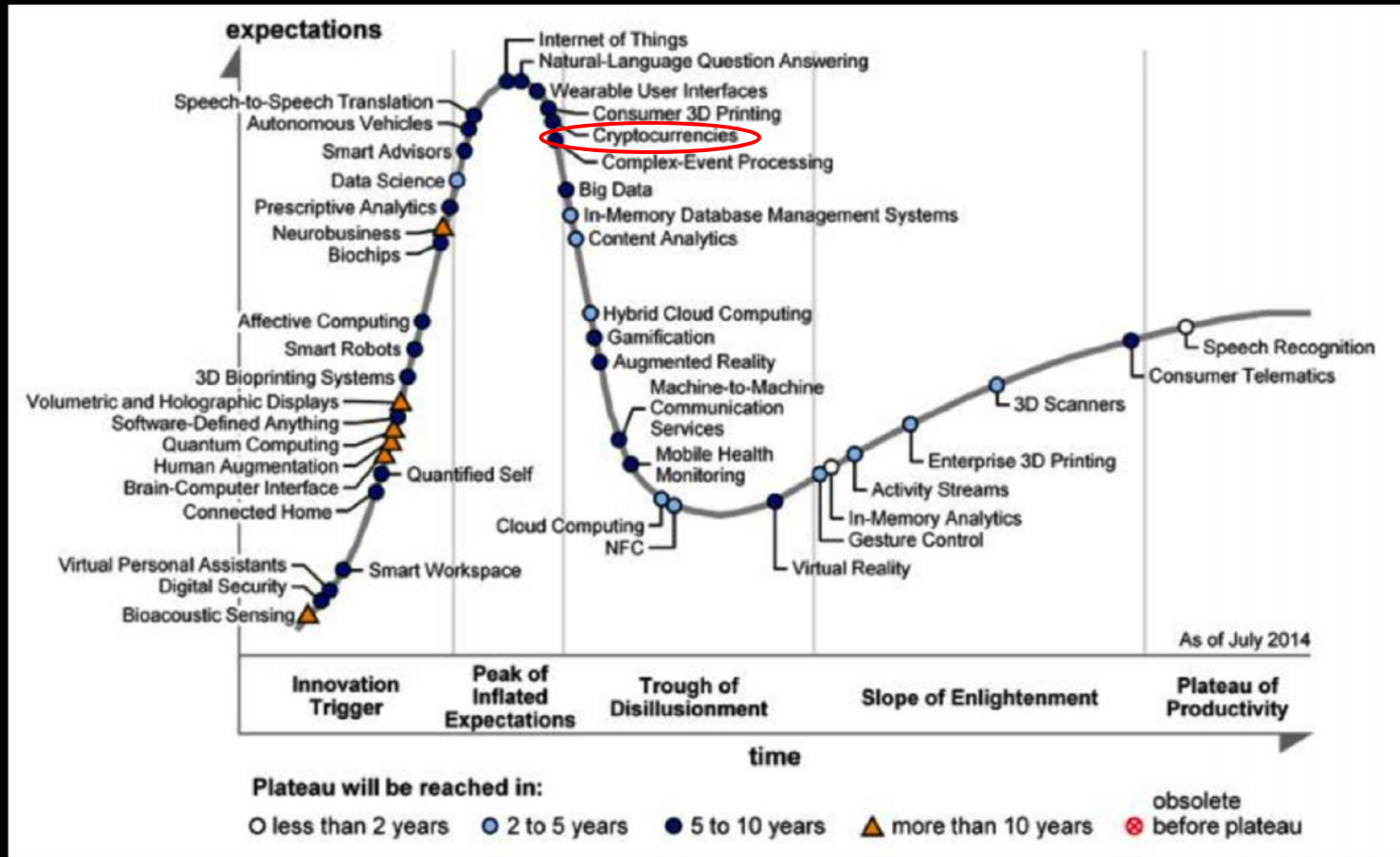
APRIL 30, 2015



Silicon Valley Bank:
Global investment in
FinTech is set to
double from \$10
billion in 2014 to
\$19.7 billion in 2015,
and reach \$46.1
billion by 2020

Gartner Emerging Technology Hype Cycle

Cryptocurrencies added July 2014

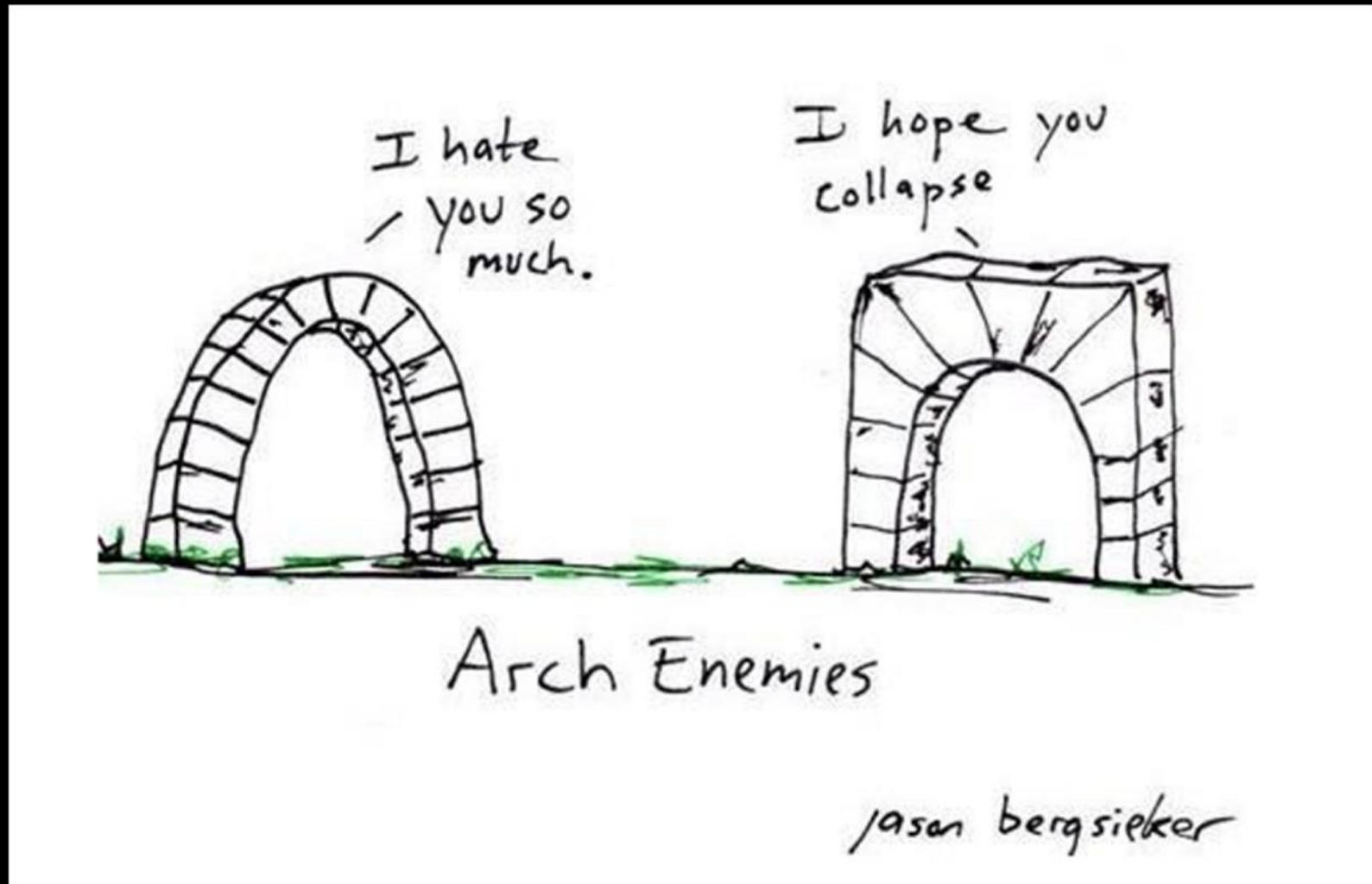


What is a Blockchain?

- A decentralized database/transaction ledger
 - A giant 'interactive Google doc spreadsheet' that anyone can view on-demand and administrators (miners) continually verify and update to confirm that each transaction is valid
 - A shared truth state in a distributed system
 - Etymology: blocks (batches) of transactions posted sequentially to a ledger, referencing the prior block (chain)
- Implication: secure network where any transaction can be independently confirmed as unique and valid without a centralized intermediary (implies greater scale possible)



Two modes: Improvement and Revolution



Two modes of Blockchain Apps: Enterprise (Improvement) and Individual (Revolution)

Enterprise (improvement)

- Permissioned ledgers; private
- Identity known/confirmed, legally-compliant
- 'Reinvent the existing world' efficiency improvement, eliminate intermediaries
- Decentralized SaaS




Individual (revolution)

- Permissionless ledgers; public
- Censorship-resistant (pseudonymous)
- 'Brave new world' apps
- Anonymous validators (network vulnerable to anonymous attack)



Example: Smarthome IOT blockchains
privately monitor physical and mental status

Enterprise Blockchain Apps by Sector (selected)

<u>Economics and Markets</u>	<u>Government & Legal</u>	<u>IOT</u>	<u>Health</u> 	<u>Science, Art, AI</u>
<ul style="list-style-type: none"> • Currency • Payments & Remittance • Banking & Finance • Clearing & Settlement • Insurance • FinTech • Trading & Derivatives • QA & Internal Audit • Crowdfunding 	<ul style="list-style-type: none"> • Transnational orgs • Personalized governance services • Voting, propositions • P2P bonds • Tele-attorney services • IP registration and exchange • Tax receipts • Notary service and document registry 	<ul style="list-style-type: none"> • Agricultural & drone sensor networks • Smarthome networks • Integrated smartcity, connected car, smarthome sensors • Self-driving car • Personalized robots, robotic companions • Personalized drones • Digital assistants 	<ul style="list-style-type: none"> • Universal EMR • Health databanks • QS Data Commons • Big health data stream analytics • Digital health wallet • Smart property • HealthToken • Personal development contracts 	<ul style="list-style-type: none"> • Community supercomputing • Crowd analysis • P2P resourcenets • Film, dataviz • AI: blockchain advocates, friendly AI, blockchain learners, digital mindfile services

Crucial Blockchain Properties

<ul style="list-style-type: none"> • Cryptolledger • Decentralized network • Trustless counterparties • Independent consensus-confirmed transactions 	<ul style="list-style-type: none"> • Permanent record • Public records repository • Notarization time-stamping hashes • Universal format • Accessibility 	<ul style="list-style-type: none"> • Communication (messaging) • Large-scale coordination • Entity ingress/egress • Transaction security 	<ul style="list-style-type: none"> • Universal format • Large-scale multi-data-stream integration • Privacy and security • Real-time accessibility 	<ul style="list-style-type: none"> • Large-scale infrastructural element for coordination • Checks-and-balances system for 'good-player' access
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Smart Property and Smart Contracts

- Implications: a future of cryptographically-activated assets and actions...
- ...physical and intellectual property might be registered and transacted via blockchains as *smart property*, and
- ...agreements, contractual relationships, societal record-keeping, and governance might be enacted through code-based *smart contracts*

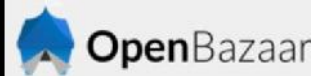


What is Smart Property?

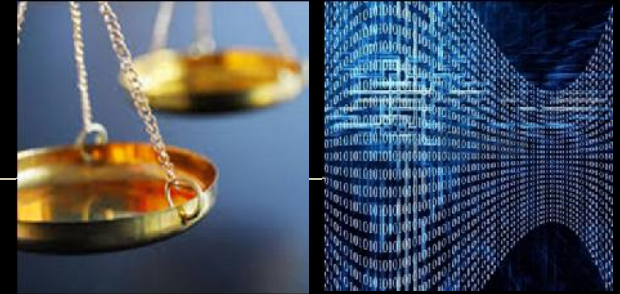
- Register assets to blockchain via unique key
 - Real-time GPS 'LoJack' tracking for any asset
- Blockchain becomes an inventory, tracking, and exchange mechanism for hard assets
- Smart Property example projects
 - *Blocktrace* ledger tracks diamonds
 - *Provenance.org* tracks supply chain authenticity
 - *OpenBazaar* decentralized Craigslist exchange
 - *Factom-HealthNautica* medical billing and claims
 - Drug and equipment inventory, including origin and servicing records



PROVENANCE



Smart Property - Intangible



- Notary Service, Attestation
 - Register contracts, agreements, wills (Proof of Existence, Factom)
 - Register, protect, and transact IP (Monegraph, Ascribe)
- How it works
 - Hash + timestamp + blockchain record

Proof of Existence

Prove

About

API

Contact

Last documents confirmed in the blockchain:

Document Digest	Timestamp
✓ 26fa546a234d7b9d0f3a4e2508ba41da86029e4b079c8fc1c8ae2c4c8524460f	2015-04-05 13:36:49
✓ 581a5d5d1adaa17ec099acdb4a5394fd49acdae73478354cf30b8296a538ac43	2015-04-05 11:14:35
✓ 3737f980f7aed1d0de2535664a7b311867840e21efef9b588d3eff35f9265e67	2015-04-04 03:00:45
✓ a8e3711de203d01fb9c5216d8072d43638c4e4fa78bde94e7875e14367a38e98	2015-04-04 01:41:02

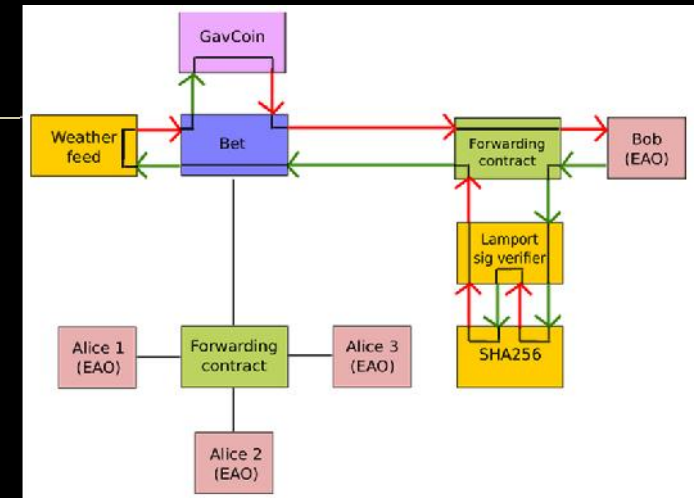
What are Smart Contracts?

- Agreements between parties posted to the blockchain for automated execution
 - Human-human interaction
 - Technological-entity operation
- Patterns of interaction in society
 - Software models most world systems now
 - Software services can encode these patterns (smart contracts as decentralized SaaS) to facilitate the patterns of human interaction
 - Example: Starbucks facilitates the pattern of coffee for tokens exchange
- Code Projects: Ethereum, Etherparty, Eris



Smart Contract examples

- Bet on high temperature
 - Intermediary removed
- Mortgage interest-rate resets
- Inheritance pay-out
 - Age 21 or death of benefactor
- Blockchain-based Greek tax receipts in Ricardian Contracts (Yanis Varoufakis)
- Peer-to-peer insurance
 - Dynamis <http://www.dynamisapp.com>
 - BitSilk <https://twitter.com/bitsilk>
- Mediation and legal services
 - Precedent <http://www.precedentcoin.com>



Weather Bet (Ethereum)



Smart Contract Law Firm?



- “Law is something to be radically reshaped by the emergence of technology, it is about the management and manipulation of data on an entirely new scale”
- *Richard Susskind*

ATTORNEYS



Apollo Cluster, Partner

Apollo Cluster is a senior partner and a co-founder of Robot Robot and Hwang. His practice specializes in mergers and acquisitions, where he has represented a variety of public and private companies in the emerging technologies space. In his time at RRH, he has processed more than 10 million unique transactions for clients. He holds a J.D. from Harvard Law School and was a clerk for Justice Richard Posner on the 7th Circuit. He is a frequent lecturer at Stanford University at PLI and at other continuing legal education seminars on the topic of the obsolescence of humans in legal practice and mankind generally.



“Daria” XR-1029, Partner

XR-1029 is a senior partner in litigation at Robot Robot and Hwang and a co-founder of the firm. She specializes in intellectual property issues and has handled hundreds of thousands of complex commercial transactions for Internet and other technology companies, with a particular focus on copyright and trade secret law. XR-1029 has experience in all stages of litigation, in both federal and state courts, where she has also served as an expert witness in a variety of cases. She holds a J.D. from UC-Berkeley’s Boalt School of Law and an LL.M. from Stanford Law, where her journal publication, *On the Computational Predictability of the Judicial Process*, garnered multiple rewards. In 2008, she was named a Northern Californian *Super Lawyer*.



Tim Hwang, Partner

Tim Hwang is a junior partner at Robot Robot and Hwang, specializing in legal engineering and development. He formerly was a researcher at the Berkman Center for Internet and Society. He is the founder of The Web Ecology Project, The Awesome Foundation, ROFLCon, and was a co-host on *The Tim & Diana Show*.

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Technologically-binding vs. Legally-binding

- Different frameworks
 - Technologically-binding: Inexorably executing code contracts (Lessig: "code is law") that cannot be breached, and will proceed unstopably even if conditions have changed
 - Legally-binding: Discretionary compliance, semantic flexibility of human-partied contracts
- Key shift: Auto-executing code could become prevalent not anecdotal (mortgage industry)



Cryptolaw



- Intersection of technological (inexorable, unfringeable) and legal frameworks (flexible)
- Separate legal system needed for smart contracts?
 - Smart contract regulation: impossible to enforce smart contracts with current law
 - Example: a decentralized program already launched and running is difficult to control, regulate, or sue for damages
- Smart contracts impact not just contract law, but more broadly social contracts within society
 - What kind of social contracts do we humans want with technological entities?

Cryptolaw: Two modes of Smart Contracts

- As with blockchain applications, two types (enterprise and individual)
 1. Compliant legal contracts with mutual assent, consideration, capacity, and legality
 - Features such as: kill switch, consumer protection, assurity funds escrowed, identity transparency
 2. 'A-compliant': operating in 'a-legality' outside of current regulation
- Involved parties, are you transacting with a legal entity?
 - A. human-human B. human-entity C. entity-entity
 - Technological entities (DOAs) could become new form of legal entity like a corporation



Cryptolaw and Societal Design Implications

- Emerging that we need new ways of building societal shared trust through:
 1. Transparency
 2. Legal frameworks that are still relevant, but perhaps enacted at the level of the contract (not federal/state)
 - Not lawlessness, legal framework as a selectable parameter like jurisdiction (like Creative Commons license drop-downs)
 3. More becomes 'legal' since monitoring is impossible
 - More tolerance of existing patterns of interaction in society
 - Result: Less deception; more truth, transparency, disclosure, acknowledgment
 - Everyone in the system is taking part consensually
 - Result: more self-determination of societal participants



Cryptocitizen Sensibility

- A new relationship with authority and responsibility-taking; embodying what it is to be a 'Cryptocitizen' ranging from
 - Digital wallet security practices like backing up our money, to...
 - Self-authority responsibility-taking
 - Governance services vs. being governed
 - Trend: happened with news media, entertainment, stock-trading, health services; now happening with money, economics, governance and legal services
- Blockchain technology is liberty-enhancing, promulgating Cryptocitizen sensibilities for authority-taking



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Smartnetworks

- *Smart property* and *smart contracts* are just one manifestation of blockchain technology
- Blockchains shift communications networks from dumb to smart
- What is being created is **smartnetworks**, communications networks that confer a truth state of reality, wherein trust is built, such that there are new possibilities for us as individual agents and societies
 - Builds societal shared trust



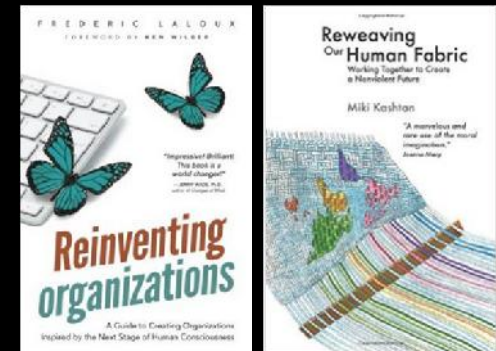
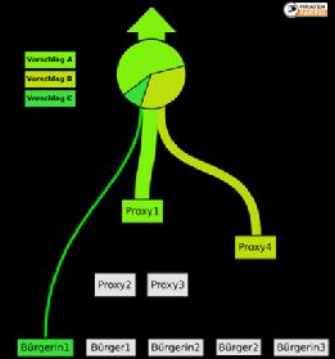
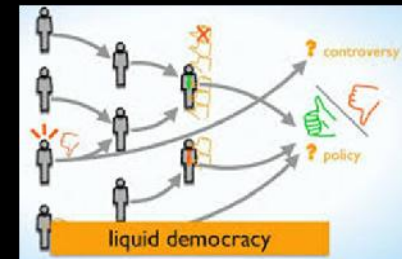
Levels of Information (Modulated by Quality)

- Levels of information
 1. 'Dumb,' unenhanced, unmodulated data: initial default
 2. Socially-recommended data: data elements enriched by social network peer or expert recommendation
 3. Consensus-validated data: recommendation based on group consensus, a formal structure of agents forming a consensus about a reality state; not just a peer recommendation, an actual truth state of the world
- The affirmed quality of information builds trust
 - This quality of information has a higher level of trust associated with it; high-resolution modulation regarding the quality, authenticity, and provenance of information
 - Impersonalizes and scales trust:
 - Trusting systems not people



Consensus Trust improves Effectiveness

- What consensus trust enables is several things including effectiveness
 - Building shared societal trust enables the interrelation of participation, transparency, and importantly, effectiveness
 - Argument: everyone wants transparency, but not everyone wants to participate, for example in voting and decision-making
 - Transparency and possibility is effectiveness
 - Examples:
 - Delegative democracy (Liquid Democracy)
 - Futarchy (two-step prediction market voting)
 - *Reinventing Organizations*
 - *Reweaving our Human Fabric*



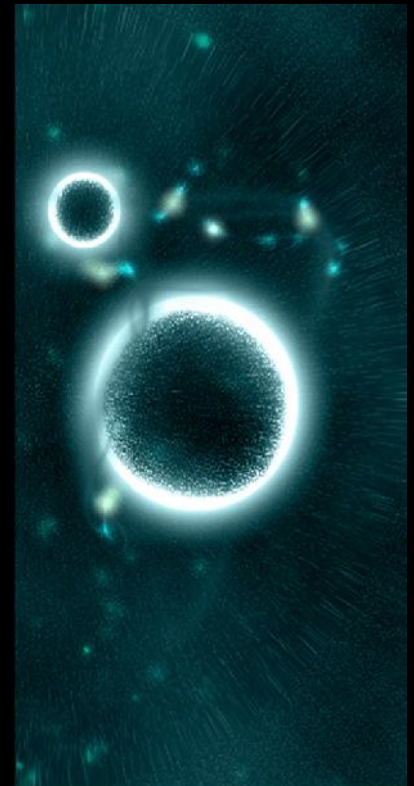
Consensus Trust enables the Qualitative

- Blockchains as an equality technology for illiberty eradication; blockchain neutrality
- Access the qualitative, the intangibles within a system fluctuating, regressing over time:
 - Cliometrics (Turchin) to measure inequality in historical political systems; measure liberty, choice, autonomy, authority-taking, and equality
 - Complexity math to measure and impute utility functions, quality of time spent in different activities (fractal behavior, power laws, high coefficients, nearest neighbors, Eigenvalues)
- How? Participants trusting the system are more willing to share data about qualitative variables
 - Directly or via QS/smarthome data feeds



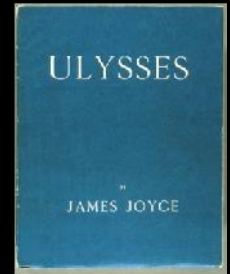
Consensus Trust empowers Entities

- Allows a fuller empowerment in the interaction
 - Any interaction is a discovery and exchange
- Consensus is not just about information quality, assurance, and validation, it is about the relation between entities in a network, the interaction structure and quality
 - You-me in this conversation, or
 - Intelligent entities who do not know each other in a digital society interacting on a smartnetwork
- Expands what is possible in interactions, an abundance mentality of injecting empowerment and acknowledgement into interactions, assents, confirmations, exchanges



Derrida: Ontology of Joycean Consensus

- Affirmation is not solo, “saying yes” is dependent upon another to hear it and acknowledge receipt
- The affirmation relation is liberty-enhancing and totalization-resisting, the affirming and acknowledging parties, and the yes itself, remain distinct
 - *“The two responses refer to each other without having any relationship between them. The two sign yet prevent the signature from gathering itself together [totalizing].”*
 - The yes “addresses itself to some other which it does not constitute”
 - The yes avoids its own totalization, “The yes, by responding and countersigning, does not let itself be counted or discounted [totalized].”
- Well-formed consensus: preserve the integrity of entities in a network of ad-hoc relations



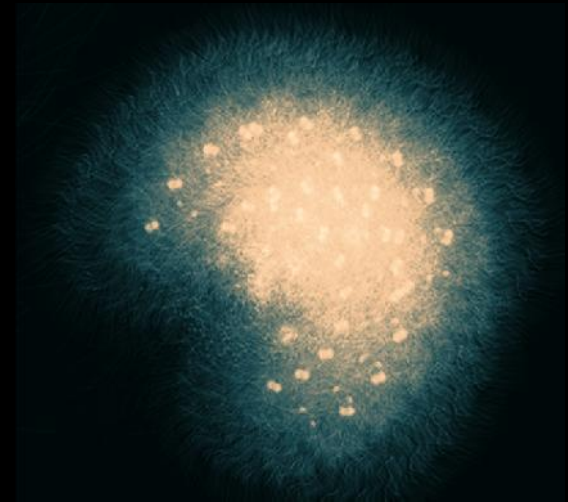
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Smartnetwork Applications: Friendly AI

- Argument...
 1. Digital intelligences will be running on consensus-managed smartnetworks
 2. Good reputational standing is required to conduct operations
 - Resource access, fund-raising, services-providing, contracts
 3. Consensus only validates and records bonafide transactions from 'good' agents
 4. Therefore all agents 'good'

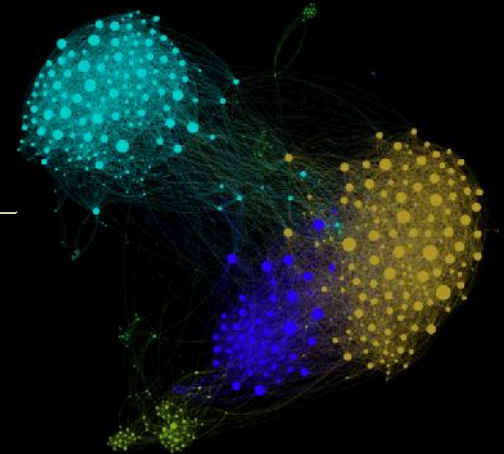


Smartnetwork Tyranny?

- Do decentralized trust networks result in the tyranny of a monolithic morality?
Smartnetwork operations coordinated by consensus models could be ...
 - A. ...positive, an enforcement mechanism for cooperative bonafide players in a moral society, including friendly AI
 - B. ... terrifying (or at least potentially liberty-circumscribing or normalizing) that any one entity might be dependent on the monolithic crowd to conduct even the simplest of network operations



Pluralistic Morality



- Need a system with universality and global scale that simultaneously celebrates and incorporates the richness of agent diversity
- One idea: use the decentralization attribute of blockchains to establish reputation communities
 - Peer-vouched reputation: community peers (geographical or otherwise) vouch for our reputation and can be rewarded if they vouch correctly (reinforcing feedback system)
 - Potential applications: decentralized credit bureaus, open-source FICO scores
- ‘Local’ reputation communities and global infrastructure are thus included in one liberty-enhancing tyranny-avoiding model

Reputation and Identity

- Constructs of identity
 - Social (forgive-forget, redemption, reinvention, memory=imperfect)
 - Technological (on-demand memory of all artifacts forever)
 - Fourth-person perspective: connected world's continuous witnessing (QS gadgetry, IRC, Facebook, Gorgon Stare)
- Identity: something intrinsic or 3rd party-bestowed?



Post-Entity Reputation

- Digital identity might become so distributed, portable, copiable, open-sourceable, sharable, malleable, and shardable, that it no longer makes sense to think in terms of entities
- How to enable smartnetwork operations in a post-entity society, perhaps one in which 'ephemeral instances of capability and creativity' have replaced identity-bounded entities?
- Reputation could still matter
 - Even if not a full-fledged identity-entity, any instance, any measurable quantum, any participation no matter how ephemeral could still have a reputation



Reputation as Background of Collaboration

- More granular reputations, measuring...
 - Multiple levels like actor, action, and intention
 - Line-item credit for contributions and new ideas
 - Composite reputations for group collaborations
- Blockchains facilitate, automate, and make unobtrusive such tracking, especially ‘quiet background tracking’
 - Preserves focus on collaborative participation, comfortable that credit/contribution-tracking is occurring
- Example: Stross’ *Accelerando* – distributed trust networks and reputation markets, blockchain models have digital copies “*watching over their originals from the consensus cyberspace of the [smart] city*”



Blockchain Philosophy

- Liberty-enhancing
 - Participative, inclusive, expansive, transparent, effective, global-scale
- Equality technology
 - A flexible structure accommodative of diverse value systems
 - Eradicates illiberty
- Authority: shifts locus to individual
 - Already: news, entertainment content, stock-trading, quantified self
 - Now: currency, economics, government
- Decentralization effects
 - Abundance mindset

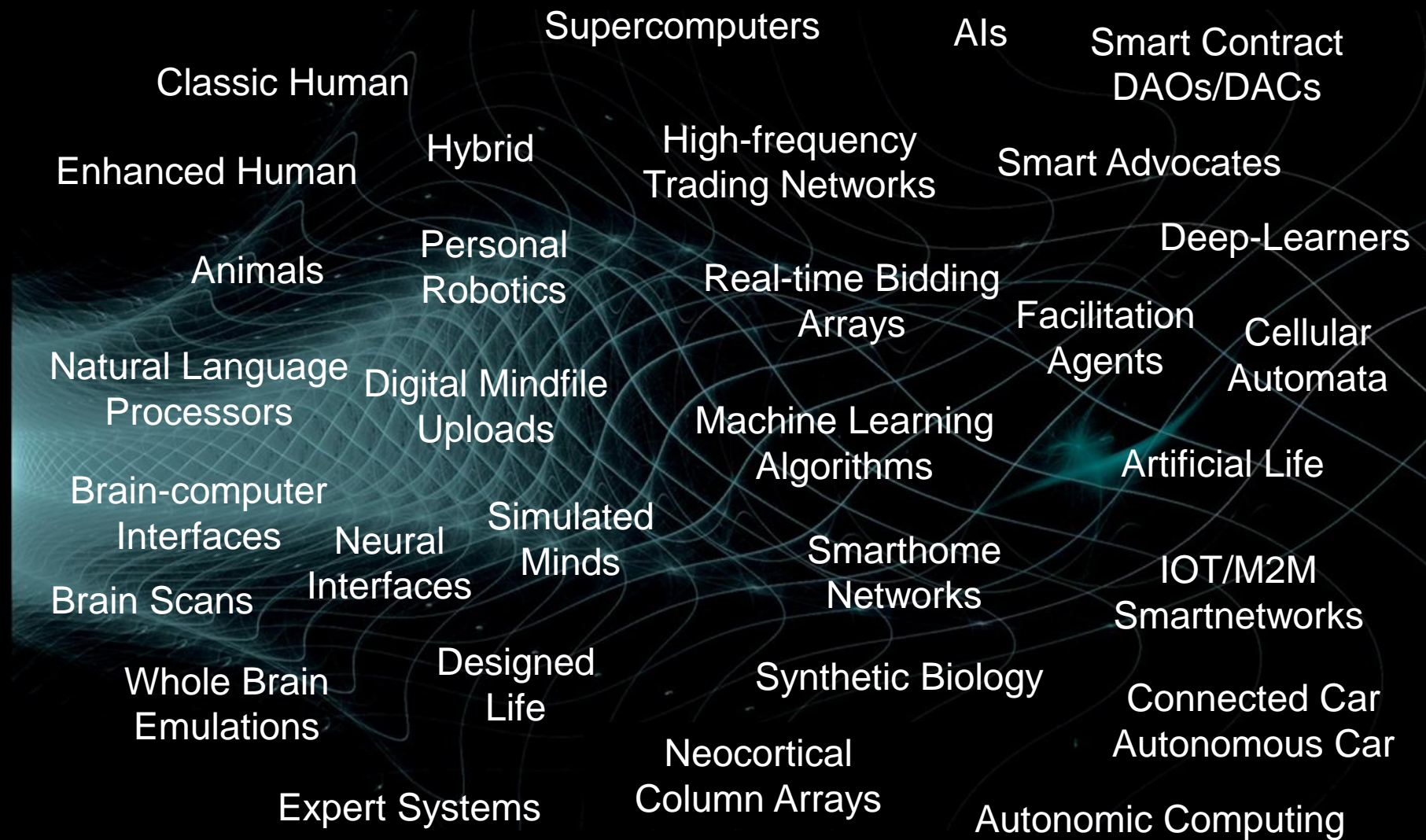


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Future of Diverse Smartnetwork Entities



Design Space of Digital Society



- Design requirement: not just pluralistic human morality but environments for diverse entity interaction
- Need a universal framework for coordinating activity (with a focus on capacity not morphology), for a variety of 'intelligent' or 'capable' agents to be in interaction coordinated by smartnetworks, consensus mechanisms, and blockchains
 - Resource exchange transactions
 - Collaborations (intelligence or other resource shards contributed to projects; post-entity interaction)
 - Confirmation, advocacy, and assurity of reality environment
 - Smart contracts as independent third-party advocates
 - Digital intelligences can confirm reality environment

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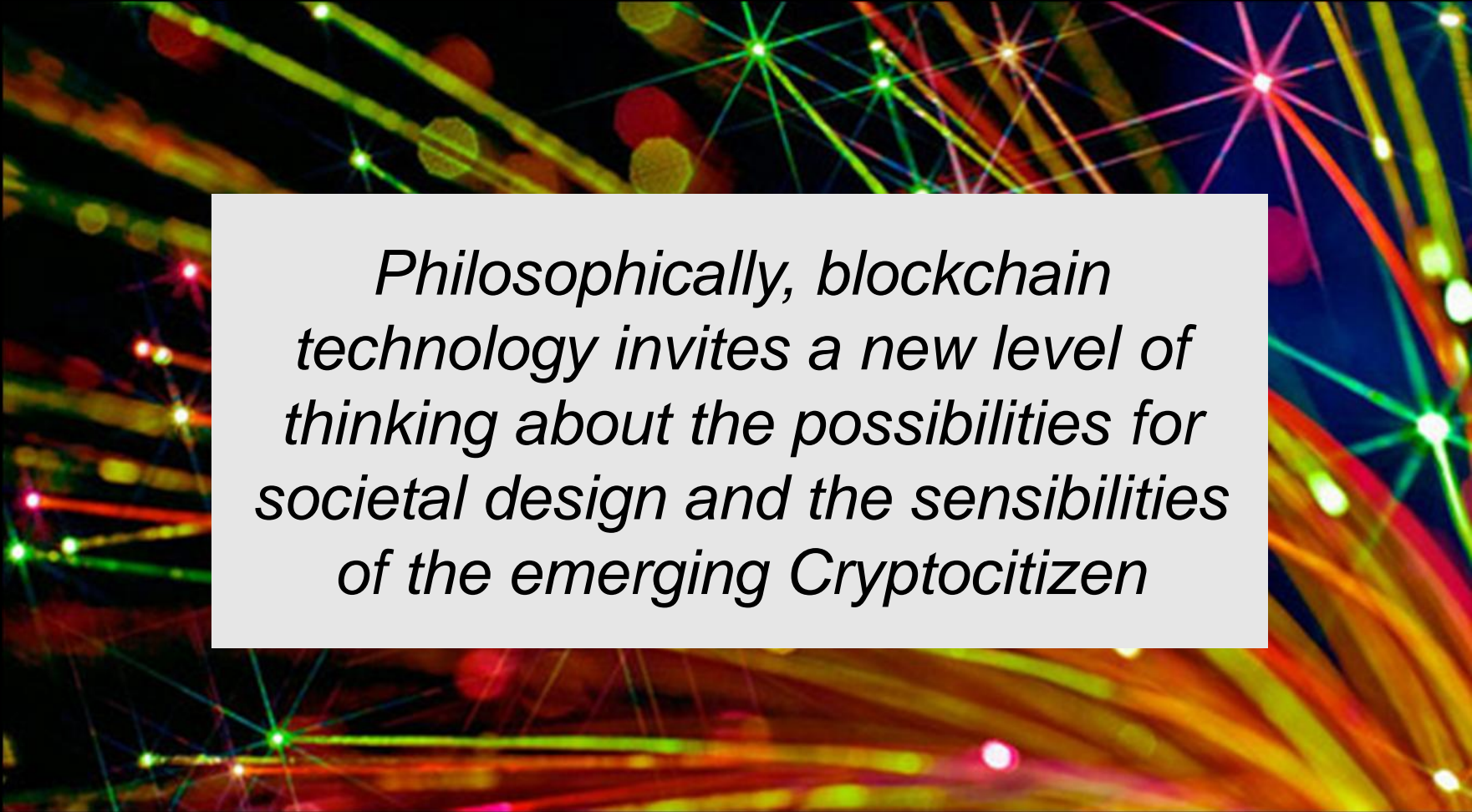
Summary - 1

- Blockchains are an important new form of information technology, a decentralized infrastructure and organizational system that is universal, global, secure, and granular
- Two categories of blockchain applications
 - Compliant enterprise applications improving the existing world (better horse) and brave new world applications aimed at individuals (car)
- Smart property and smart contracts could significantly shift the registration, handling, and transacting of physical and intellectual property; agreements, contracts, records, and governance

Summary - 2

- Cryptolaw is the intersection of technological (inexorable) and legal frameworks (flexible)
- Growing sensibility of the Cryptocitizen in self-authority responsibility-taking
- Smartnetworks as communications networks that confer a reality truth state and societal shared trust
- Smartnetworks as a checks-and-balances system for orchestrating cooperative bonafide players in moral societies, including sponsoring friendly AI and inclusive and pluralistic morality models
- Digital society design that considers both human plurality and interaction amongst diverse entities

Thesis



Philosophically, blockchain technology invites a new level of thinking about the possibilities for societal design and the sensibilities of the emerging Cryptocitizen



Cryptocitizen:

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Thank you! Questions?



Phoenix AZ, May 27, 2015

Slides: <http://slideshare.net/LaBlogga>

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