The Blockchain: A New Architecture of Trust

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Blockchain = Distributed Trust

Trust the **system** without—it seems—trusting any actor within it.

Consensus = provable consistency among nodes, w/o central control.

Immutable append-only ledger (public or permissioned).

Smart contracts allow DApps on top.
Value Propositions

1. Decentralization
   ○ Censorship or corruption
   ○ Competitive tensions
   ○ Monopoly tax

2. Shared Truth
   ○ No reconciliation (duplication, delay, errors)
   ○ Greater potential for automation
   ○ Auditability (for participants or regulators)
Law Still Matters

Blockchains regulate. *Software code & verification nodes function as governance mechanisms*

The strange, sad tale of the DAO. *Inevitability of subjectivity/intent*

Value of post-hoc modification and dispute resolution. *Evident in Bitcoin scaling debate*
### Interaction Between Blockchain and Law

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<th><strong>SUPPLEMENT</strong></th>
<th><strong>COMPLEMENT</strong></th>
<th><strong>SUBSTITUTE</strong></th>
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<tbody>
<tr>
<td>Reduce transaction and coordination costs in a functional legal environment.</td>
<td>Address breakdowns in the implementation of legal regimes.</td>
<td>Create trusted interactions in an environment where the rule of law is not adequately functioning.</td>
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<td>E.g.: Title insurance; initial coin offerings</td>
<td>E.g.: Conflict diamonds (Everledger); orphan works</td>
<td>E.g.: Land titling in the developing world.</td>
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Templates, standards, and baselines can connect legal and blockchain trust.
Thank you!

Research available at: bit.ly/werbach1