

The Blockchain: A New Architecture of Trust

Kevin Werbach

Department of Legal Studies & Business Ethics
The Wharton School, University of Pennsylvania
werbach@upenn.edu | @kwerb

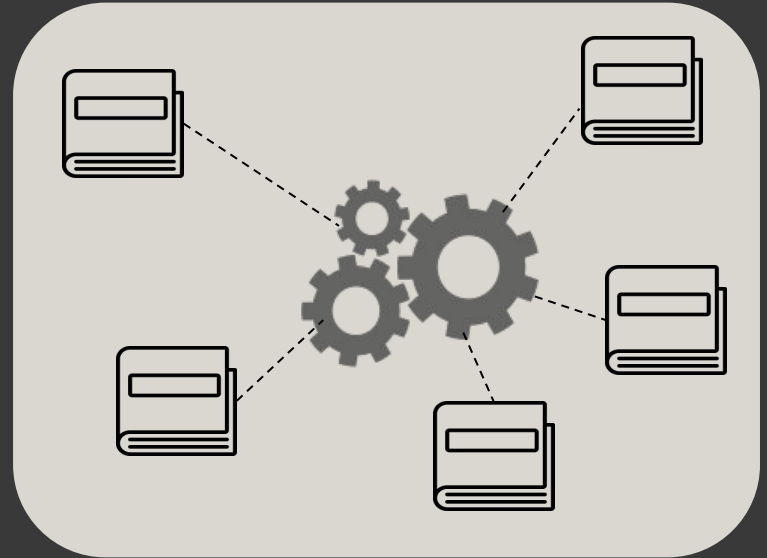
Blockchain = Distributed Trust

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

SUPPLEMENT

Reduce transaction and coordination costs in a functional legal environment.

E.g.: Title insurance; initial coin offerings

COMPLEMENT

Address breakdowns in the implementation of legal regimes.

E.g.: Conflict diamonds (Everledger); orphan works

SUBSTITUTE

Create trusted interactions in an environment where the rule of law is not adequately functioning.

E.g.: Land titling in the developing world.

Templates, standards, and baselines can connect legal and blockchain trust.

Thank you!

Research available at: bit.ly/werbach1



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