

Bitcoin and Unbreakable Law

Editor's Pick. Written by Jacob Lyles.

Imagine that you were entertaining a business deal with a man with an supernatural ability to make two kinds of promises: 1) promises that are impossible for him to break and 2) ordinary, breakable promises. Why would you accept anything other than the unbreakable promises from him? If he offered to make breakable promises you might grow suspicious about his intent.

It's easy to see how unbreakable promises would be a revolution for contracts and law. Enforcement costs for contracts would be drastically reduced. It would enable a new era of globalization, allowing people to participate in contracts with each other without regard to jurisdiction. The rights promised to a citizen of a country could be guaranteed instead of relying on the benevolence and caprice of their sovereign.

This is why I find Bitcoin so exciting. Sending someone a bitcoin is like making a promise that can't be broken because the rules governing the transfer of bitcoins are secured by cryptographic algorithms which cannot be broken. Bitcoin is a system of rules for the accounting and transfer of property rights in a way that is completely verifiable and unforgeable. The regulation and enforcement of property rights is a big portion of what governments do so bitcoin opens the door to more efficient and trustable decentralized forms of governance.

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