

# Disintermediated and Peer-to-Peer Organizations: A New Horizon? A Sociolegal Approach to the DAO

John Flood

Professor of Law and Society

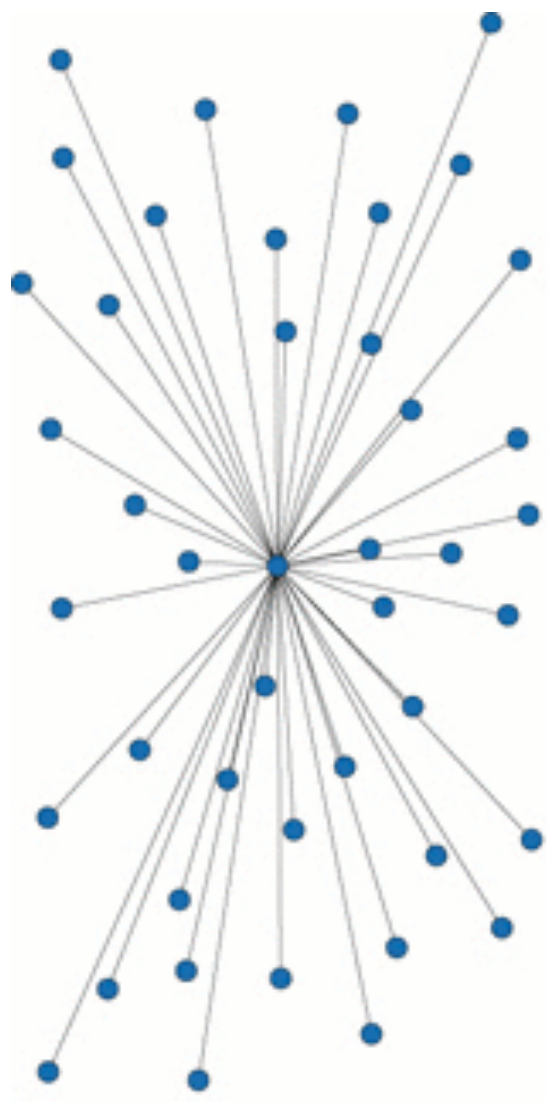
Griffith University

# TRUST

in a post-truth age?



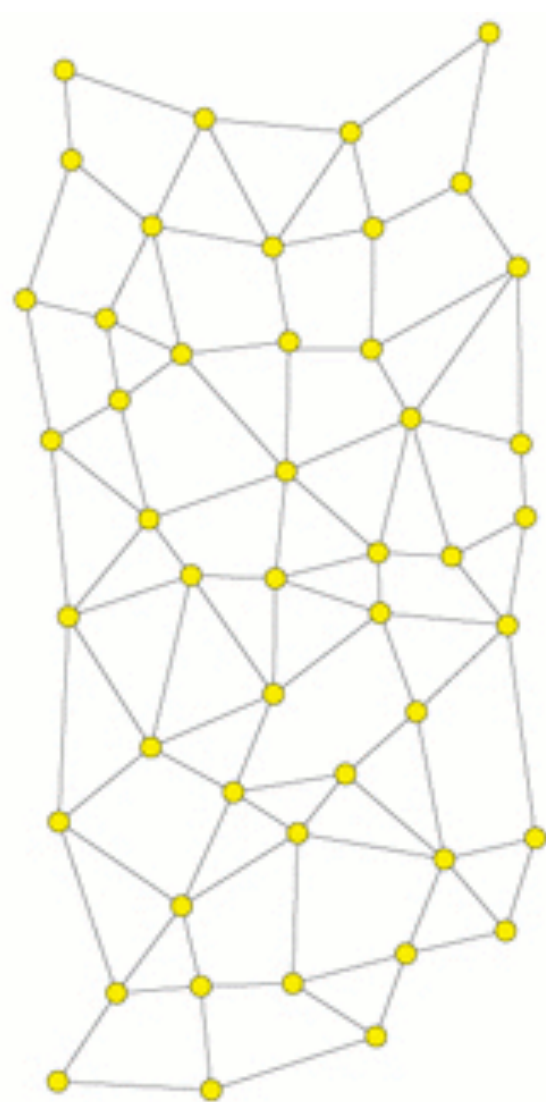




**Centralized network**



**Decentralized network**



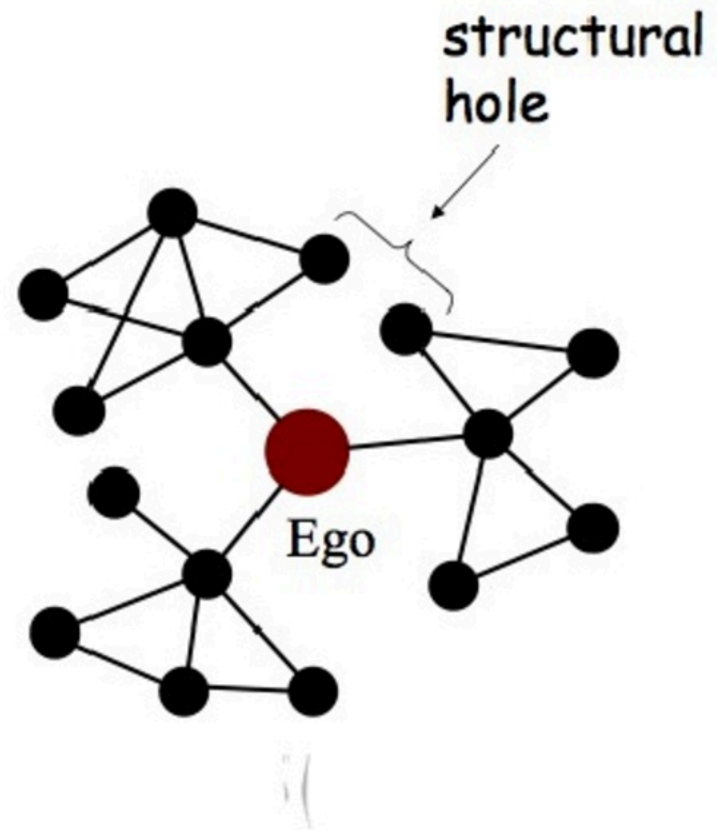
**Distributed network**

# Why distributed?

- Estonia secures its banking infrastructure with blockchain — also e-residency
- It has created an e-registry with Bitnation (Decentralized Borderless Voluntary Nation) to place notarized documents on a blockchain
- Georgia is partnering with Bitfury, an asset transfer company, to design a land titling project

# Weak ties and Bridging

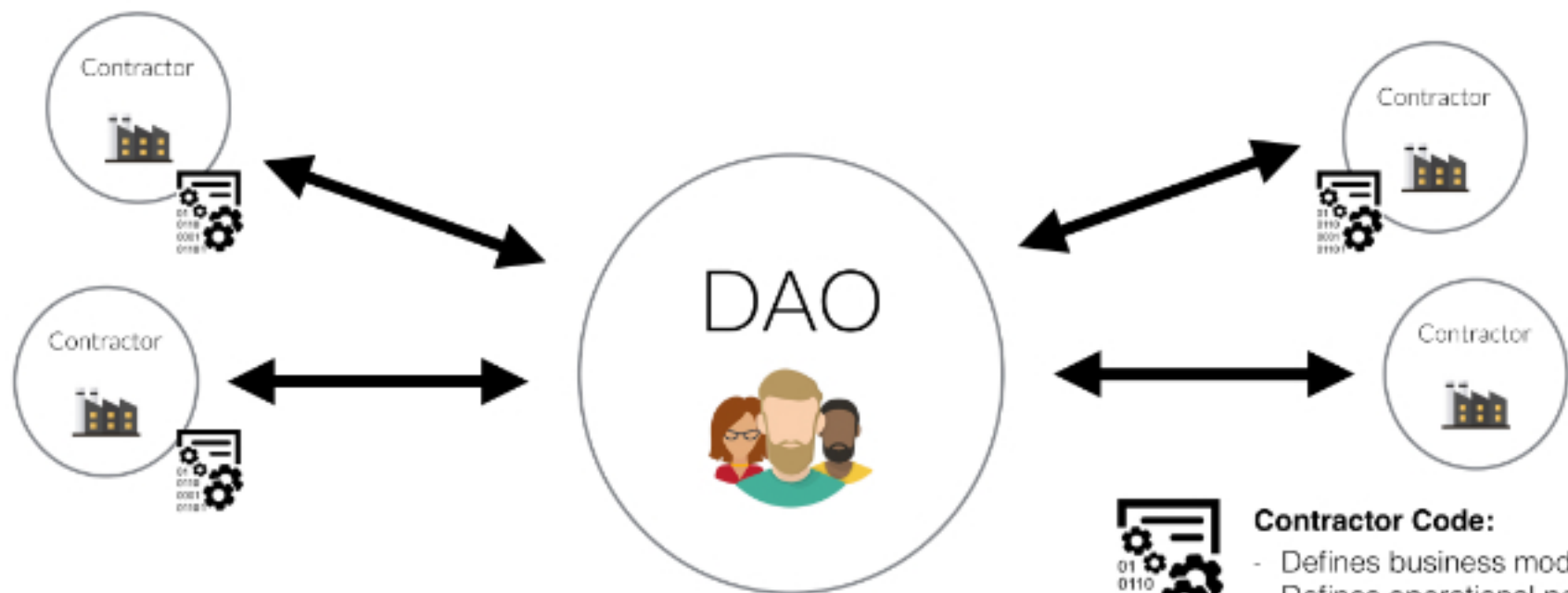
- Strong ties are unlikely to be bridges
- Weak ties can bridge distinct groups without interpersonal dissonance



# Leadership and weak ties

- High number of strong ties in the in-group generally means less ties to the out-group
  - Related to limited cognitive capacity?
- Societies characterized by tight in-groups emerge local leaders, but each in-group acts on its own





#### DAO Code:

- Securely holds ETH
- Tracks DAO token ownership
- Defines governance
- Manages voting process



#### Contractor Code:

- Defines business model (if any)
- Defines operational parameters
- Defines payment terms

# DAO → Decentralised Autonomous Organization

- ▶ Non hierarchical
- ▶ For profit vehicle
- ▶ Based on a smart contract
  - ▶ Code = Contract law
  - ▶ "The code is the law"
  - ▶ Stands alone
  - ▶ Self-executing
  - ▶ Subject to no human interference

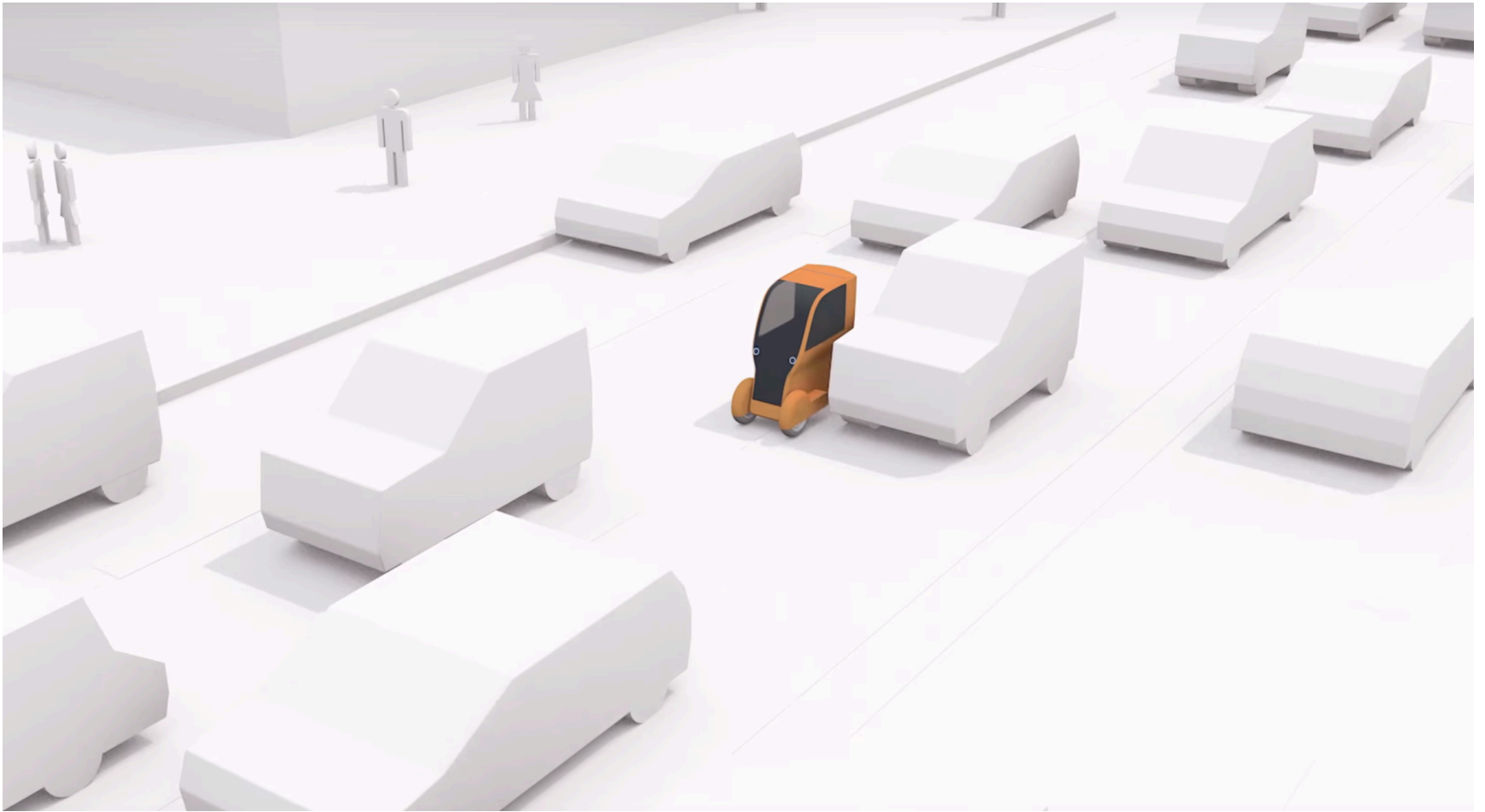
## How a DAO works

- ▶ Smart contract (software)
  - ▶ Can run an organization
  - ▶ It has to be uploaded to the blockchain
- ▶ Initial funding period (Crowdsale or ICO):
  - ▶ People purchase tokens
  - ▶ Each token represent ownership
- ▶ The DAO begins to operate:
  - ▶ People can make proposals to the DAO on how to spend the money
  - ▶ Members can vote to approve these proposals

# Examples of DAOs 1

- TheDAO by Slock.it: “universal sharing network where you can share whatever things you have...cars, houses”
- In its manifesto TheDAO states its goal is to “blaze a new path in business organization for the betterment of its members, existing simultaneously nowhere and everywhere operating solely with the steadfast iron will of immutable code”

# Examples of DAOs 2



# Examples of DAOs 2



**robotiq**

created: 4 years ago



# What does the DAO signify?

- Look at the archeology of the DAO
- The Levellers held to "the doctrine of consent by participation in the choice of representatives.
- They were committed broadly to the abolition of corruption within the parliamentary and judicial process, toleration of religious differences, the translation of law into the common tongue and, arguably, something that could be considered democracy in its modern form—arguably the first time contemporary democratic ideas had been formally framed and adopted by a political movement.

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# THE Declaration and Standard

Of the Levellers of England  
 Delivered in a Speech to his Excellency the Lord Gen. Fairfax,  
 on Friday last at White-Hall, by Mr. Everard, a late Member of the  
 Army, and his Prophecie in reference thereunto; shewing what will  
 befall the Nobility and Gentry of this Nation, by their submitting to  
 a Community; With their invitation and promise unto the people, and  
 their proceedings in Windsor park, Oastmills park, and severall other  
 places; also, the Examination and confession of the said Mr. Everard  
 before his Excellency, the manner of his deportment with his Haron,  
 and his severall speeches and expressions, when he was commanded  
 to put it off. Together with a List of the severall Regiments of Horse  
 and Foot that have cast Lots to go for Ireland.



Imprinted at London, for G. Lawrence, April 23. 1649.



# What does the DAO signify?

- Diggers were 17<sup>th</sup> century social anarchists who influenced many groups including the San Francisco Diggers of the 1960s who organized happenings. Some of their happenings included the Death of Money Parade...and Death of Hippie/Birth of Free. They were "community anarchists" who blended a desire for freedom with a consciousness of the community in which they lived

WITHIN A FREE FRAME OF REFERENCE ..

**THE** FREEMEN OF THE WHOLE WORLD  
(NOT TO BE CONSTRUED TO BE "REAL" IN ANY AMERICAN SENSE)



SAN FRANCISCO CALIF  
APR 11 1943



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DIGGER DOLLAR!

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# What does the DAO signify?

- Hayek, *The Road to Serfdom* and the rise of the pricing mechanism
- Influential on modern economics and economists like Friedman

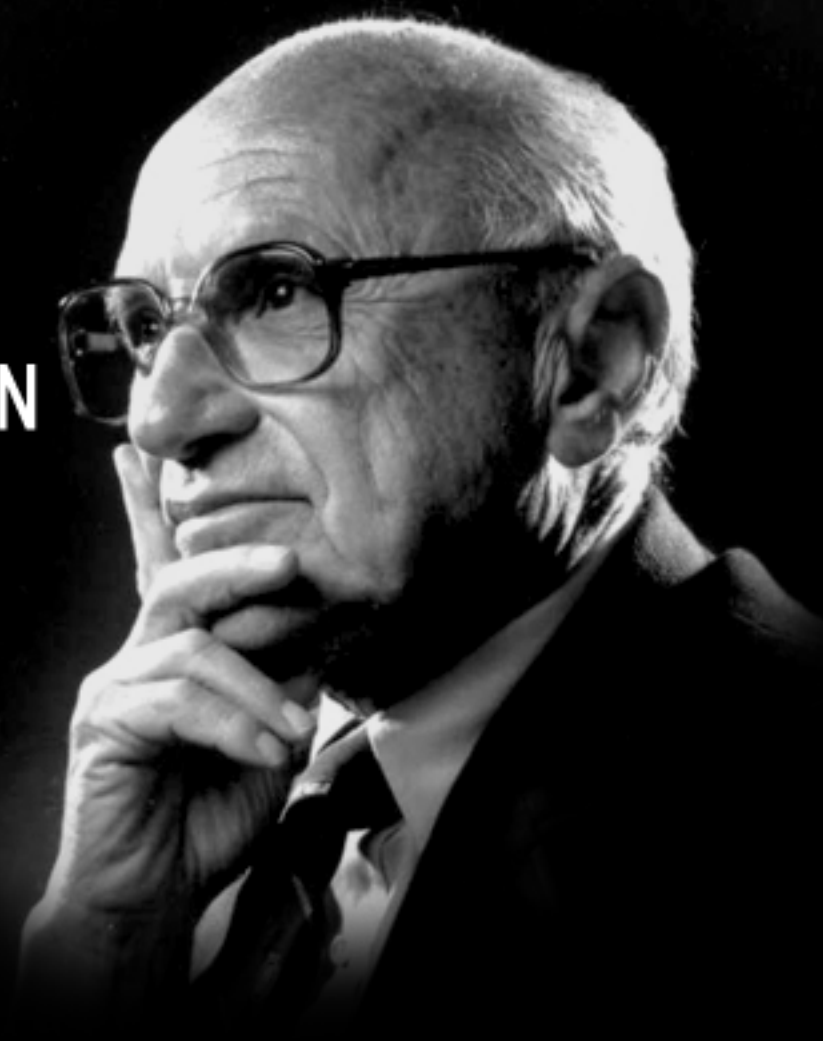


# What does the DAO signify?

- Milton Friedman and the Chicago Boys
- Monetarism
- Greatly influenced by Hayek
- Both on faculty at University of Chicago

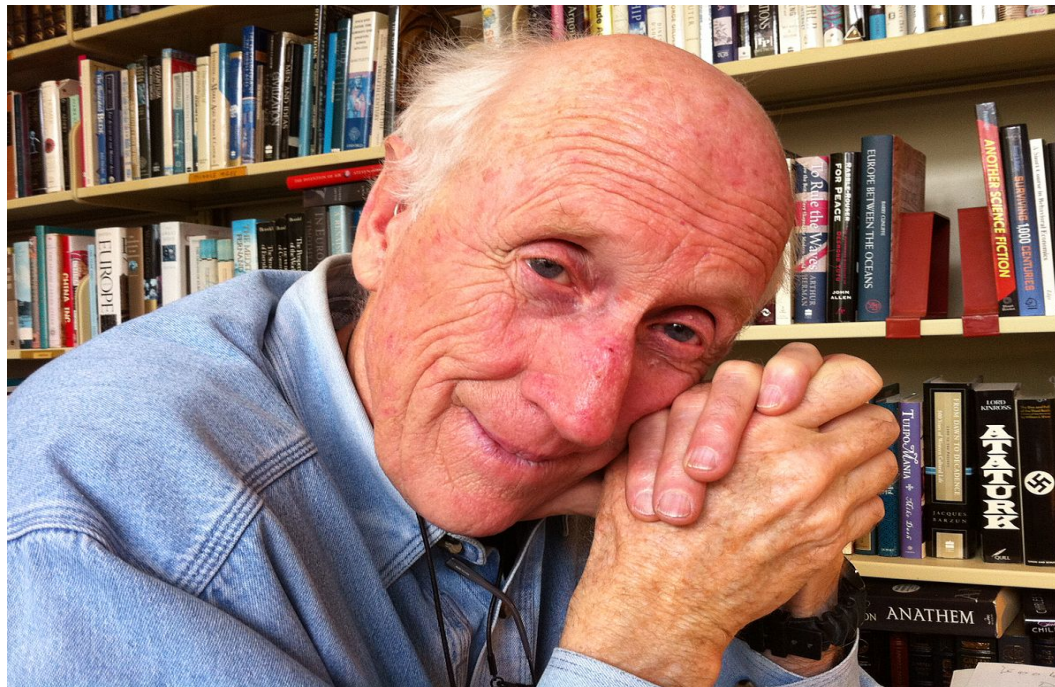
**DR. MILTON FRIEDMAN**

**1912 - 2006**



# What does the DAO signify?

- Has philosophical lineage to Stewart Brand of the Whole Earth Catalog: “Information wants to be free”



# What does the DAO signify?

- "We are as gods. At a time when the New Left was calling for grass-roots political power, Whole Earth eschewed politics and pushed grassroots direct power—tools and skills. At a time when New Age hippies were deploring the intellectual world of arid abstractions, Whole Earth pushed science, intellectual endeavor, and new technology as well as old. As a result, when the most empowering tool of the century came along—personal computers (resisted by the New Left and despised by the New Age)—Whole Earth was in the thick of the development from the beginning."



# What does the DAO signify?

- The DAO, blockchain, smart contracts are culmination of these political, social, economic and technological movements
- How far is politics able to recognize the consequences of these? Could politics be undermined? And add in IoT, then?
- For example, Estonia—online government with blockchain—health records, voting, Bitnation (DBVN) to create halocracy

# What does the DAO signify?

- How do governments align with these developments?
- Will social communities reconfigure themselves? The rise of the precariat. What is the moral dimension of blockchain and the DAO?
- Is libertarianism inevitable? (Ayn Rand? Silk Road?) Is it a consequence of disintermediation?
- Will local economies create potential of autonomy? A post-capitalism future of global economic commonwealth?
- How does law and regulation catch up and cope?