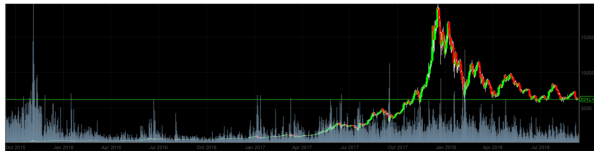


BitCoins — early “Crypto” shortcomings

- Proof of work: wasteful and yet only marginally secure
- Inflation is money's cancer, deflation its infarct
- Consequences: unstable exchange rate, high transaction fees
- Ponzi scheme-style bubble
- (Instead of getting Viagra spam I now get BitCoin spam)
- Can't even do the exchange transaction on-chain

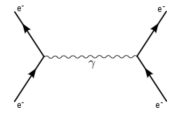


Dumb Contracts

- Smart Contracts: Token-Forth subset (BitCoin), JavaScript (Ethereum)
- For Smart Contracts you need a lawyer, a programmer, *and* a pentester
- Keep it simple: A contract must have a balanced balance
- Select sources (S), select their assets (A), debit them (\pm)
- select destinations (D), set assets&credit them
- Shortcut: balance an asset (B)
- Obligations for debt and futures (O)
- Sign the target account with new content+hash of the contract

Examples:

Transfer SA-SBDD
 Cheque SA-D, cash: SA-DSBD
 Exchange/Purchase SA+A-DSBDD



Wealth & Ethics

- Huge first mover advantage
- Already worse wealth distribution than neoliberal economy
- Huge inequality drives society into servitude, not into freedom
- No concept of a credit
- Lightning network also binds assets (will have fees as consequence)



\$quid: Ethical mining

- Concept of mining: Provide difficult and rare work
- Suggesting: Provide vouchers for free software development sponsorships
- These vouchers are tradeable on their own
- Free software is public infrastructure for the information age
- That way, we can encourage people to sponsor out of self-interest
- They get a useful and valuable token back
- Or they develop FOSS themselves to earn (fiat) money

Decentral bank?

- Central bank grants big banks credits, which then are gambled in the stock market
- The decentral bank gives credits to small business
- Credit assessment more like crowdfunding

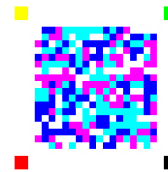
Proof of What?!

- Challenge** Avoid double-spending
- State of the art:** Proof of work
- Problem:** Proof of work burns energy and GPUs
- Suggestion 1:** Proof of stake (money buys influence)
- Problem:** Money corrupts, and corrupt entities misbehave
- Suggestion 2:** Proof of well-behaving (trust, trustworthiness)
- How?** Having signed many blocks in the chain gains points
- Multiple signers** Not only have one signer, but many
- Suspicion** Don't accept transactions in low confidence blocks
- Idea** Repeated prisoner's dilemma rewards cooperation

BTW: The attack for double spending also requires a MITM-attack

Literatur & Links

Bernd Paysan *net2o fossil repository*
<https://net2o.de/>
 Bernd Paysan *\$quid cryptocurrency & SwapDragonChain*
<https://squid.cash/>



SwapDragon BlockChain

- Banks distrust each others, too (i. e. GNU Taler is not a solution)
- Problem size: WeChat Pay peaks at 0.5MTPS (BTC at 5TPS)
- Lightning Network doesn't stand an overrun-the-arbiter attack
- Therefore, the BlockChain itself needs to scale
- Introduce double entry booking into the distributed ledger
- Partitionate the ledgers by coin pubkey
- Use n-dimensional ledger space to route transactions

"Do you think Russians have 'In Capitalist America' memes?"

