

Not-So-Clever Contracts

The Economist asks a straight-forward question about a new relatively contract technology: If smart contracts can be made to work, how automated should business ultimately become?

The article discusses the history of smart contracts since the term was coined in 1994, through the recent debacle of Ethereum's "Decentralised Autonomous Organisations" venture capital fund that was hacked to the tune of \$50 million.

"So far, IT has mainly replaced paper processes,"the article says. "Smart contracts mean a different order of automation: economic transactions are put on auto-pilot. True believers want them to do away entirely with intermediaries, from banks to governments. But they should be careful what they wish for. If smart contracts spread widely, you would take away much of the flexibility that smooths the economy's functioning. Real-world institutions can adjust when things go wrong. For many years to come, and perhaps for ever, human institutions, flawed though they are, will be a smarter bet than relentless, bug-ridden code."

Read the article.