A PANOPTICPROTOCOL COMMENTARY

On Liberty

One very simple principle, written in 1859. It is still the only test anyone applies to a rule about crypto.

COMMENTARY | NOT A SUMMARY | READ FOR CRYPTO

John Stuart Mill asks one question: what power may society legitimately exercise over an individual? The only purpose for which power can be rightfully exercised over any member of a civilised community, against his will, is to prevent harm to others.

Every argument about crypto rules — KYC, privacy coins, leverage caps, whether publishing code is a crime — is an argument about where that line sits. Mill drew it in 1859 and tested it on poisons, drunks and an unsafe bridge. Most of his examples have an on-chain twin.

1
very simple principle
the whole doctrine of the essay

5
chapters
roughly 48,000 words, free online

1859
first edition
the year of Darwin's *Origin of Species*

ONE VERY SIMPLE PRINCIPLE
Only harm to others justifies compulsion.

↓

Harm — the test for every regulator

The majority — may oppress a part

Silencing — claims infallibility

Drunk — on duty

The bridge — warn, do not ban

Read the book. *On Liberty*, John Stuart Mill, 1859. Public domain, free at Project Gutenberg. Every quotation here is his; the crypto bridges are ours.

START HERE

The whole book in 60 seconds

If you read one page, read this one. The rest is the evidence.

Mill is not writing about free will. His subject is **civil liberty**: "the nature and limits of the power which can be legitimately exercised by society over the individual." Old liberty meant protection against kings. His worry is newer: once the people rule, they can oppress a part of themselves — and public opinion can do it without a single law.

His answer is the harm principle. Society may compel you only to prevent harm to others. Your own good — your health, your money, your soul — "is not a sufficient warrant." Others may argue with you, plead with you, avoid you. They may not force you. "Over himself, over his own body and mind, the individual is sovereign."

WHY THIS BOOK, FOR CRYPTO

Crypto is a running experiment in how much a person may do without asking permission: hold his own keys, send value without a bank, publish code that others use. Every rule written against it claims to protect someone. Mill gives you the question to ask of each one: **protect whom, from what harm?** If the answer is "the user, from himself," the rule fails his test. If it is "other people, from a definite risk," he says it is required.

THE COLOUR RULE

Gold is Mill and the England he wrote in. Chalk is the crypto twin. When a page shows both, it is because they are the **same mechanism**, not a loose comparison. Where the bridge is weak, the guide says so.

⚡ SEND THIS TO A FRIEND

Mill in one line: you may stop a man only to protect other people, never to protect him from himself. Every crypto rule should have to pass that sentence.

NO JARGON

Six words from the philosopher

Mill writes long Victorian sentences, but he uses very few technical terms. Here they are.

Harm principle

The one rule of the book: society may use force against a person only to prevent harm to *others*. His own good is never enough.

IN PLAIN TERMS "His own good, either physical or moral, is not a sufficient warrant."

Self-regarding

Conduct that lands only on the person doing it, or on others with their "free, voluntary, and undeceived consent." Here the individual is sovereign.

IN PLAIN TERMS Drinking at home is self-regarding. Being drunk on duty is not.

Tyranny of the majority

Not a king but the majority — and worse, its *opinion*, which "leaves fewer means of escape" than political oppression.

IN PLAIN TERMS "A social tyranny more formidable than many kinds of political oppression."

Dead dogma

A true belief nobody may question, which decays into words repeated by rote. Mill wants every truth attacked so that it stays alive.

IN PLAIN TERMS Truth undiscussed "will be held as a dead dogma, not a living truth."

Experiments in living

Different ways of life tried by different people at their own risk. They are how a society finds out what works.

IN PLAIN TERMS "The worth of different modes of life should be proved practically."

Preappointed evidence

Bentham's term: a record made at the time of an act, so that if it later proves a crime there is evidence.

IN PLAIN TERMS A signature on a contract is one. So is the name in the chemist's book.

⚡ **SEND THIS TO A FRIEND**

Self-regarding means it lands on you. Other-regarding means it lands on someone else. The whole book is about which side of that line an act falls on.

NO JARGON

…and six from the blockchain

Each one tied back to the book, so the chalk pages read as easily as the gold ones.

Permissionless

Anyone may use the network, run a node or publish a contract without asking.

IN PLAIN TERMS Mill: "doing as we like, subject to such consequences as may follow."

Censorship resistance

A transaction no single party can stop, because the power to include it is spread across thousands of machines.

IN PLAIN TERMS "Persecution has always succeeded," Mill warns. Resistance has to be built.

Self-custody

Holding your own keys: no bank or court between you and your money. Lose them, and nobody can help you.

IN PLAIN TERMS "Each is the proper guardian of his own health." Gain and risk both land on you.

Slashing

A validator locks a deposit for the right to add blocks. Go offline or sign two conflicting blocks, and part of it is destroyed.

IN PLAIN TERMS Mill's soldier drunk on duty: free at home, punishable when others depend on him.

Travel rule

A transfer between regulated providers must carry the sender's and receiver's name and address.

IN PLAIN TERMS Mill's poison register, almost line for line.

Fork

Copying a chain's code and history and continuing under different rules. Those who disagree leave, coins included.

IN PLAIN TERMS The remedy Mill never had against the majority: not a veto, but an exit.

⚡ **SEND THIS TO A FRIEND**

Permissionless is Mill's region of liberty in code. Slashing is his soldier on duty. The travel rule is his poison register. The book is older than all three.

THE NUMBERS

Six numbers from the book

Mill argues with principles, not statistics. But the essay has a shape, and the shape is worth knowing.

1
very simple principle
self-protection is the only ground for compulsion

3
regions of liberty
thought and expression; tastes and pursuits; combination

2
maxims
not accountable for self-regarding acts; accountable for harm to others

4
grounds for free opinion
it may be true; it may hold part of the truth; unchallenged truth dies; its meaning is lost

99 in 100
unable to judge
"for one who is capable" — and that one only comparatively

21 months
the sentence
Thomas Pooley, Cornwall, 1857, for words about Christianity on a gate

THE ONE TO REMEMBER

The same summer, two men were rejected as jurymen at the Old Bailey and a third was refused justice against a thief, because they honestly said they had no religious belief. Mill calls the oath rule **self-defeating**: it punishes only the honest atheist, and admits the testimony of every atheist willing to lie.

IN CRYPTO: THE SAME ARITHMETIC

Every rule that bites only the visible actor has this shape. A developer who published a mixing tool under his own name got a 64-month sentence in the Netherlands in 2024; the anonymous copies of the code are still running. Mill would not say the code is harmless. He would say that a penalty which catches only the person who did not hide is a badge, not a safeguard.

⚡ SEND THIS TO A FRIEND

In 1857 a man got 21 months for words on a gate, and atheists were turned off juries. Mill's objection to the oath rule was its shape: it punished only the honest. Look for that shape in every crypto law.

THE READING

One very simple principle

Chapter I. The sentence the whole book defends, and the test every crypto rule has to pass.

Mill lists the reasons people give for controlling one another and strikes them out one by one. That it would be better for him. That it would make him happier. That others think it right. **"These are good reasons for remonstrating with him, or reasoning with him, or persuading him, or entreating him, but not for compelling him."** One reason survives: the conduct must be "calculated to produce evil to some one else." The principle covers adults only; from there he never gives an inch.

NOT ENOUGH TO COMPEL	ENOUGH
It will be better for him It will make him happier Others think it wise Others think it right	**Harm to someone else.** **That, and only that.** The rest are reasons to persuade him, not to compel him.

IN CRYPTO: the regulator's test

Fraud, theft, manipulation: harm to others, so fair game. "You might lose your money": your own account.

EVERYDAY EXAMPLE

A man wants to climb a mountain without a guide. His family may beg him; the state may not stop him. If he takes a child, everything changes: the harm is now someone else's.

IN CRYPTO: THE REGULATOR'S TEST

Sort any crypto rule by Mill's question. Rules against fraud, theft and misleading marketing protect **others**: he would enforce them hard. Rules that cap a user's leverage or forbid him his own keys protect him **from himself**: those fail, however kindly meant. The hard cases sit in between — a stablecoin whose failure lands on people who never bought it.

⚡ SEND THIS TO A FRIEND

Mill's test for any rule: whom does it protect, from what harm? If the answer is "you, from yourself," the rule fails. Apply it to the next crypto law you read.

THE READING

The tyranny of the majority

Chapter I. Why a vote is not the same as liberty, and what token governance keeps rediscovering.

The old liberals thought that once rulers were elected the problem was solved: the nation "did not need to be protected against its own will." Mill saw the flaw. **"The 'people' who exercise the power are not always the same people with those over whom it is exercised."** The will of the people means the will of the most numerous or most active part — and that part "may desire to oppress a part of their number." Society then enforces its opinions with no law at all, a tyranny that "leaves fewer means of escape."

100 VOTES. THE MAJORITY WANTS THE MINORITY'S TREASURY.

51 votes	49 votes

"The people… may desire to oppress a part of their number" — and a vote does not stop it.

MILL'S	MILL'S	ON-CHAIN	ON-CHAIN
immunities no majority may touch	constitutional checks before the act	quorum, timelock, veto, change limits	exit: the fork Mill never had

EVERYDAY EXAMPLE

A block of flats votes 51 to 49 to charge the top floor for everyone's lift repairs. It was a vote. It was also the majority helping itself to a minority's money, and the losers cannot move the building.

IN CRYPTO: THE WHALE VOTE

Token-weighted governance is that nightmare in its purest form: one large holder is the majority, and a proposal to redirect a treasury passes because it passed. The tools protocols added — quorums, timelocks, vetoes, limits on what a vote may touch — are Mill's "constitutional checks" under other names. Crypto has one remedy he never had: the losers can fork the chain and leave, coins included.

⚡ SEND THIS TO A FRIEND

Fifty-one votes against forty-nine is a vote, not liberty. Mill knew it in 1859; token governance relearns it every year. The one fix he lacked is the fork.

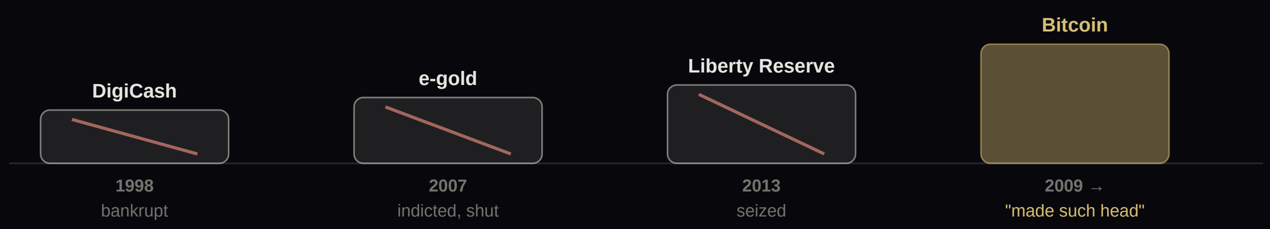
THE READING

The assumption of infallibility

Chapter II. Why silencing anyone is a claim to be God, and why truth does not win on its own.

"If all mankind minus one, were of one opinion, and only one person were of the contrary opinion, mankind would be no more justified in silencing that one person, than he, if he had the power, would be justified in silencing mankind." To refuse a hearing because you are sure is to claim your certainty is absolute: "All silencing of discussion is an assumption of infallibility." Then he demolishes the comfortable idea that truth wins anyway: "History teems with instances of truth put down by persecution." Its only advantage is that it keeps coming back, until one of its returns lands in a time when it can survive.

"PERSECUTION HAS ALWAYS SUCCEEDED, SAVE WHERE THE HERETICS WERE TOO STRONG A PARTY..."



Truth does not win because it is true. It reappears, until one reappearance escapes long enough that it can no longer be put down.

IN CRYPTO: WHY BITCOIN SURVIVED

Digital cash was put down at least three times before it stuck: DigiCash went bankrupt in 1998, e-gold was indicted, Liberty Reserve was seized in 2013. Bitcoin was the return that, in his words, "escapes persecution until it has made such head as to withstand all subsequent attempts to suppress it." By the time anyone in power took it seriously there were too many holders and too many nodes. It did not win by being right; it won by being too widely held to put down.

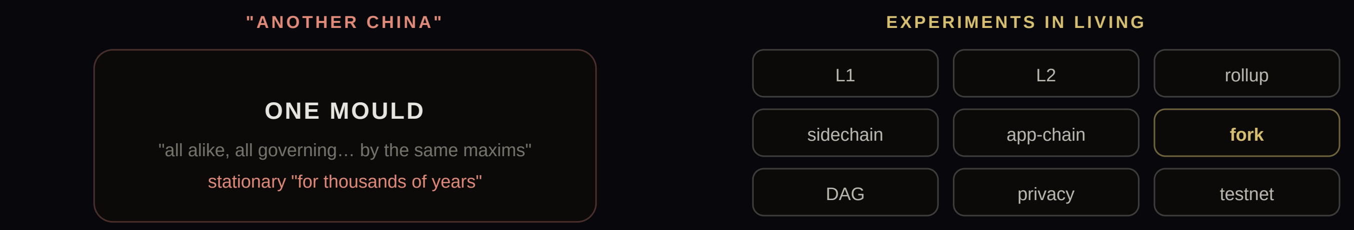
⚡ **SEND THIS TO A FRIEND**

Mill: truth does not win because it is true. Persecution works. Bitcoin survived because its reappearance spread too far to be stopped, not because it was right.

Experiments in living

Chapter III. Individuality as the engine of progress, and the warning about becoming "another China."

People should be free to act on their opinions — not as freely as they hold them, but "so long as it is at their own risk and peril." The reason is discovery: **"as it is useful that while mankind are imperfect there should be different opinions, so is it that there should be different experiments of living."** Custom is the enemy: "the despotism of custom is everywhere the standing hindrance to human advancement." His warning is China, which made everyone alike and "have become stationary — have remained so for thousands of years."



"As many possible independent centres of improvement as there are individuals." On-chain: as many as there are forks.
The cost is fragmentation; the gain is that one mistake does not kill everyone.

EVERYDAY EXAMPLE

A town with one restaurant never learns whether its food is good. A town with twenty finds out every night, and the bad ones close without a committee.

IN CRYPTO: THE FORK IS THE EXPERIMENT

Every fork, rollup and app-chain is an experiment at its own risk and peril. Most fail; Mill expected that. What he feared has a crypto name: monoculture. One dominant chain, one client that most validators run, one stablecoin holding the reserves — each is a step toward a place where one mistake reaches everyone at once. His cure: "as many possible independent centres of improvement as there are individuals."

⚡ **SEND THIS TO A FRIEND**

Mill's fear was a world where everyone runs the same rules and nothing new can be tried. Crypto's word for that is monoculture. A fork is an experiment in living.

THE READING

Drunk, and drunk on duty

Chapter IV. Your business, everyone's business, and which side slashing is on.

Critics told Mill that no act is purely self-regarding: a man who ruins himself hurts his family and his creditors. He concedes it, then draws the line more sharply. A man who "becomes unable to pay his debts" is punishable, "but it is for the breach of duty to his family or creditors, not for the extravagance." Then the sentence this page is built on: **"No person ought to be punished simply for being drunk; but a soldier or a policeman should be punished for being drunk on duty."** Wherever there is "a definite damage, or a definite risk of damage" to someone else, the case leaves liberty and enters law.

Drunk at home concerns only himself	no punishment	**A holder on leverage** risks his own money	no ban
Drunk on duty "a definite risk of damage" to the public	punished	**A validator offline or double-signing** risks everyone's blocks	slashing

The line is not the risk. It is who pays when it goes wrong. The moment others pay, Mill hands you to the law.

EVERYDAY EXAMPLE

A surgeon may drink on Saturday night. One who drinks before Monday's operation has not changed the drink, only who bears the risk.

IN CRYPTO: THE VALIDATOR'S DUTY

A holder on leverage is drunk at home: the loss is his, and Mill would leave him to it. A validator is on duty. Its downtime delays everyone's blocks and its double-signing threatens everyone's history, so destroying part of its deposit is exactly the punishment Mill allows — not for the risk it runs itself, but for the duty it owes others. The moment your losses fall on people who did not choose them, Mill hands you to the law.

⚡ SEND THIS TO A FRIEND

Mill: nobody should be punished for being drunk, but a soldier should for being drunk on duty. A holder is at home; a validator is on duty. That is slashing.

THE READING

The unsafe bridge

Chapter V. When you may stop a man for his own good, and when you may only warn him.

His most careful example. If an official **"saw a person attempting to cross a bridge which had been ascertained to be unsafe, and there were no time to warn him of his danger, they might seize him and turn him back… for liberty consists in doing what one desires, and he does not desire to fall into the river."** But where there is only a risk, "no one but the person himself can judge": he ought "to be only warned of the danger; not forcibly prevented from exposing himself to it." The same logic covers poisons. A warning label, yes — "the buyer cannot wish not to know." A doctor's certificate for every purchase, no: it "would make it sometimes impossible, always expensive, to obtain the article for legitimate uses."

NO TIME TO WARN	WARNED	A CHILD, OR DELIRIOUS
turn him back	**let him cross**	**stop him**
"he does not desire to fall into the river"	only he can judge if the risk is worth it	not in "full use of the reflecting faculty"

IN CRYPTO: the bridge is literally a bridge

A risk label on the frontend, not a locked door. Mill's medical certificate is the accredited-investor gate.

IN CRYPTO: THE BRIDGE IS A BRIDGE

Cross-chain bridges are the most-hacked structures in crypto: the two largest thefts of 2022 took more than $900 million between them. Mill's answer is not to close them. It is the risk label on the frontend — and then the user crosses if he wants to. His medical certificate is the accredited-investor gate: a rule that lets the rich buy what everyone else may only read about. His exception stands too: a wallet drained by a fake link is the man seized before he falls, because he never meant to send it.

⚡ **SEND THIS TO A FRIEND**

Mill: warn the man, then let him cross. On a crypto bridge that is a risk label, not a locked door. Pull back only the one who never meant to cross.

THE READING

The poison register

Chapter V. Mill designs KYC in 1859, and draws the line it must not cross.

How do you make poisoning harder without stopping anyone who needs the poison? With Bentham's "preappointed evidence." The seller **"might be required to enter into a register the exact time of the transaction, the name and address of the buyer, the precise quality and quantity sold; to ask the purpose for which it was wanted, and record the answer he received."** Such rules are "no material impediment to obtaining the article, but a very considerable one to making an improper use of it without detection." What he will not allow is a ban: "prohibition of their sale is in fact, as it is intended to be, prohibition of their use." And "every increase of cost is a prohibition, to those whose means do not come up to the augmented price."

MILL'S POISON REGISTER, 1859	THE TRAVEL RULE, 2024
the exact time of the transaction	timestamp on the chain
the name and address of the buyer	name and address of the originator
the precise quality and quantity	amount and asset
the purpose, and the answer given	name and address of the beneficiary

LABEL	yes
REGISTER	yes
MEDICAL CERTIFICATE	no
BAN (MAINE LAW)	no

IN CRYPTO: THE TRAVEL RULE, THE BAN, AND THE TAX

The travel rule the EU applies to transfers between regulated providers is Mill's register almost line for line: sender, receiver, amount, recorded at the time. He would sign it. The coming ban on providers touching privacy coins is his prohibition — a ban on selling that is a ban on using. He would refuse it. A tax high enough to push users offshore is his "increase of cost" that works as a ban for the poor, though a tax for revenue he expressly allows.

⚡ **SEND THIS TO A FRIEND**

Mill designed KYC in 1859: record who bought the poison, when and why. His limit: a register is fine, a ban is not, and a tax that works as a ban is a ban.

THE READING

The State that dwarfs its men

Chapter V. Mill's last argument is about centralisation, and it reads like a design note for a public ledger.

His final objection to government is "the great evil of adding unnecessarily to its power." Imagine, he says, that "the roads, the railways, the banks, the insurance offices, the great joint-stock companies" were all branches of the government, staffed by the ablest people in the country: **"not all the freedom of the press and popular constitution of the legislature would make this or any other country free otherwise than in name."** His remedy is a formula: "the greatest dissemination of power consistent with efficiency; but the greatest possible centralisation of information, and diffusion of it from the centre."

"The greatest dissemination of power consistent with efficiency; but the greatest possible centralisation of information." That is a description of a public blockchain.

> **IN CRYPTO: ONE LEDGER, MANY HANDS**
>
> Read that formula slowly. Power to act spread across as many hands as still work; information gathered in one place and visible to all. A public blockchain is the first machine built to that specification: thousands of validators, none able to act alone, writing to one ledger anyone can read. Its opposite is on the same page: a central bank digital currency is the bank made one of the "branches of the government", with every payment under the eye of the state.

⚡ **SEND THIS TO A FRIEND**

Mill's ideal: power spread as widely as efficiency allows, information gathered in one place and shared. He wrote it in 1859. Somebody built it in 2009 and called it a blockchain.

SIDE BY SIDE

The book, and its twin

Eight arguments. Gold is the chapter, chalk is where you will meet it on-chain.

MILL	THE ARGUMENT	ON-CHAIN
The harm principle	Compulsion only to prevent harm to others	Fraud rules yes; "for your own good" no
Tyranny of the majority	A vote can oppress; checks sit above votes	Quorums, timelocks, vetoes; the fork
Infallibility	Silencing claims certainty; truth reappears	Digital cash put down; Bitcoin escaped
Experiments in living	Diversity is progress; custom is stagnation	Forks; monoculture as "another China"
Drunk on duty	Self-regarding until others bear the risk	Holders free; validators slashed
The unsafe bridge	Warn the adult; stop only the unwilling	Risk labels, not bans; phishing stopped
The poison register	Record the sale; never prohibit	Travel rule yes; coin bans no; tax-as-ban no
The State that dwarfs	Disperse power, centralise information	Public ledger; CBDC as a state branch

AND ONE WHERE IT CUTS AGAINST CRYPTO

"Trade is a social act." Mill puts buying and selling under society's jurisdiction, on a different footing from personal liberty: he backs free trade because it works, not because it is a right, and calls controls against "fraud by adulteration" "in principle undeniable." So "code is law" gets no cover from him. His liberty belongs to the user, not to the exchange.

⚡ SEND THIS TO A FRIEND

Eight arguments from 1859, eight things happening on-chain this afternoon — and one warning: Mill's liberty is for the user, never for the exchange.

THE VERDICT

The book, weighed

Where it still holds after 167 years, and where the reader should push back.

What holds. The test. Every question this guide put to crypto — who may be forced, for whose sake — yielded to Mill's one sentence, and the answers were not the ones either side wanted. That is what a principle is for.

What is dated. Chapters II and IV spend pages on Victorian religion, and a modern reader may skim them. His prose is long. And one sentence is worse than dated: liberty, he says, has no application to "barbarians", for whom despotism is legitimate. Mill spent 35 years at the East India Company, and it shows.

What to push back on. The oldest objection is that almost nothing is purely self-regarding, and Mill half-concedes it: "whatever affects himself, may affect others *through* himself." His fix — "a definite risk of damage" — is exactly where crypto's hardest cases live. A stablecoin, a lending desk, a bridge: each is self-regarding until the day it is not, and he gives you the test but not the number.

WHERE IT HOLDS

- The harm principle → the test for every rule
- On duty → slashing, not bans
- The bridge → a warning, not a lock
- The register → travel rule, not Maine Law

WHERE IT STRAINS

- Mill puts trade under society's jurisdiction — "code is law" gets no cover
- Self-regarding acts barely exist; contagion has no address
- The exception for "barbarians" is the ugliest sentence in the book

IN ONE LINE

A book of one principle, and the principle still works: you may stop a person only to protect other people. Read it before the next regulation, and ask of every clause whom it protects, and from what.

TAKE THESE WITH YOU

Six lines worth stealing

In his words, exactly. And one sentence to explain the whole book.

“

Over himself, over his own body and mind, the individual is sovereign.

CHAPTER I. THE WHOLE BOOK.

“

All silencing of discussion is an assumption of infallibility.

CHAPTER II. THE CASE AGAINST EVERY CENSOR.

“

It is a piece of idle sentimentality that truth, merely as truth, has any inherent power denied to error, of prevailing against the dungeon and the stake.

CHAPTER II. WHY CENSORSHIP RESISTANCE HAS TO BE BUILT.

“

No person ought to be punished simply for being drunk; but a soldier or a policeman should be punished for being drunk on duty.

CHAPTER IV. THE LINE, AND SLASHING.

“

The despotism of custom is everywhere the standing hindrance to human advancement.

CHAPTER III. AGAINST MONOCULTURE.

“

The worth of a State, in the long run, is the worth of the individuals composing it.

CHAPTER V. THE FINAL PARAGRAPH.

HOW TO EXPLAIN THIS BOOK IN ONE BREATH

It is a book about the one question every rule has to answer: whom does it protect, and from what? Mill's answer is that you may use force only to protect other people, never to protect an adult from himself — and then he tests it on drink, poison, gambling and a bridge until it holds.

WHAT TO READ NEXT

If this landed, these are next

Three guides in the library that pick up where Mill stops.

The Sovereign Individual — Davidson & Rees-Mogg

Mill says the individual is sovereign over himself. In 1997 these two predicted the technology that would make it true for money.

Skin in the Game — Nassim Taleb

Mill's line runs between the risk you bear and the risk you push onto others. Taleb spends a book on the people who push.

Honeybee Democracy — Thomas Seeley

Mill fears the majority. Seeley's bees reach a near-perfect decision with no majority at all — consensus without a ruler.

Read them in that order. Davidson and Rees-Mogg for what sovereignty over yourself looks like with keys instead of laws, Taleb for who is really carrying the risk, Seeley for how a decision gets made when nobody is in charge.

⚡ SEND THIS TO A FRIEND

Just read an 1859 essay to understand crypto regulation and it worked. Start with the harm principle. Everything follows.