Bitcoin Backbone, Consesus, Variable Difficulty

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Bitcoin info

- Bitcoin was the first decentralized cryptocurrency, with no need for a trusted central authority.
- Bitcoin was introduced in the 2008 paper "Bitcoin: A Peer-to-Peer Electronic Cash System" by Satoshi Nakamoto (a pseudonym).
- Released as open-source code in 2009.
- Current value of 1 bitcoin is more than 45000 euros.
- The smallest denomination is the satoshi, equal to $10^{-8} = 0.00000001$ bitcoin (one hundred millionth).
- Nowadays there are more than 18 million bitcoins in circulation.
- The total number of bitcoins will not exceed 21 million and this limit is expected to be reached around 2140.

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Formal analysis

To understand and analyze Bitcoin's core protocol means to supply formal descriptions of the following.

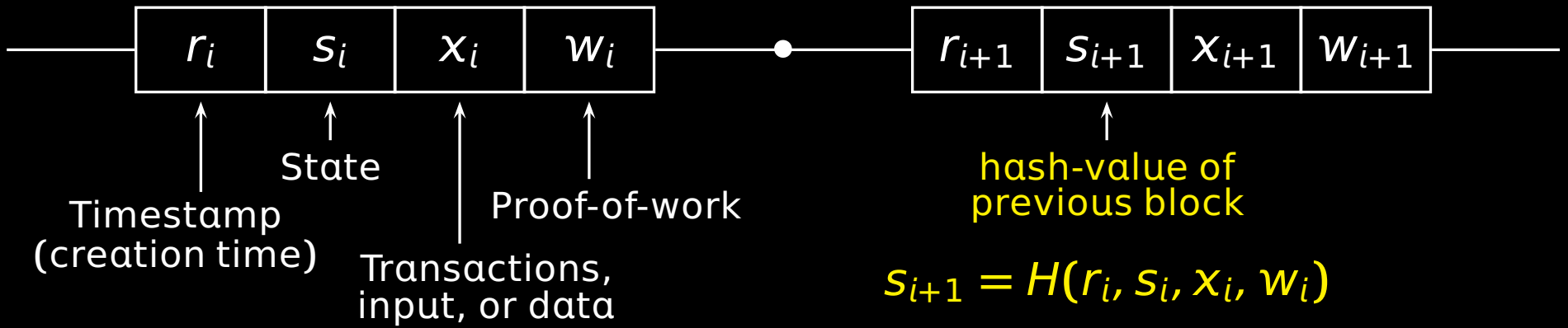
- A model in which the problem and its solution can be described.
  - The properties that a suggested solution should satisfy.
- Proof that Bitcoin's backbone protocol indeed has the desired properties.

The model

- Synchronous model: time is discrete and divided in rounds.
- A number of honest parties n and an adversary that controls t parties.
  - Honest parties act independently.
  - Parties controlled by the adversary collaborate.
- Parties communicate by broadcasting a message.

  The adversary can:
  - inject messages into a party's incoming messages.
  - reorder a party's incoming messages.
- Anonymous setting: parties cannot associate a message to a sender; they don't even know if two messages come from the same sender.

Bitcoin's data structure: the blockchain



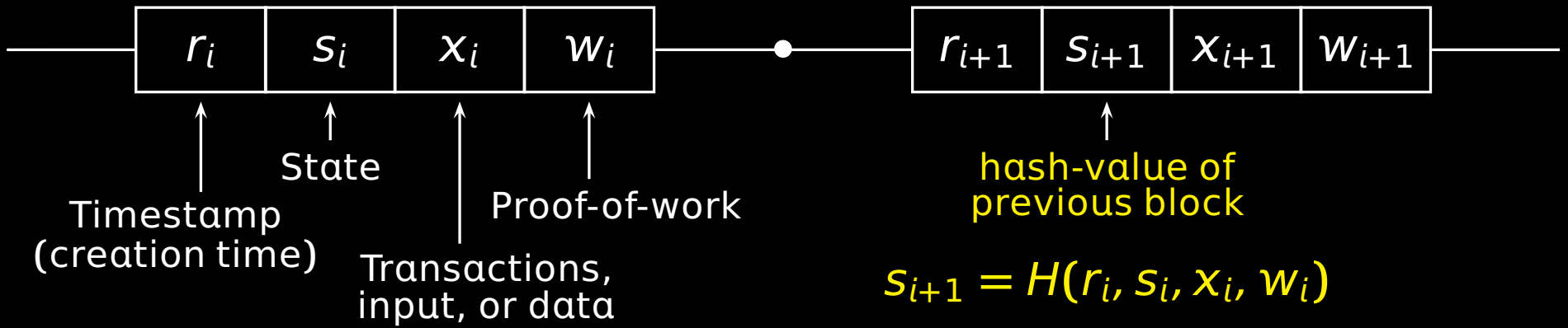
- A block (r, s, x, w) is valid if it has a small hash-value, providing a proof-of-work:

$$H(r, s, x, w) < T.$$

- A chain is valid if all its blocks provide a proof-of-work and each block extends the previous one:

$$\text{for each } i, \quad s_{i+1} = H(r_i, s_i, x_i, w_i) \text{ and } r_{i+1} > r_i.$$

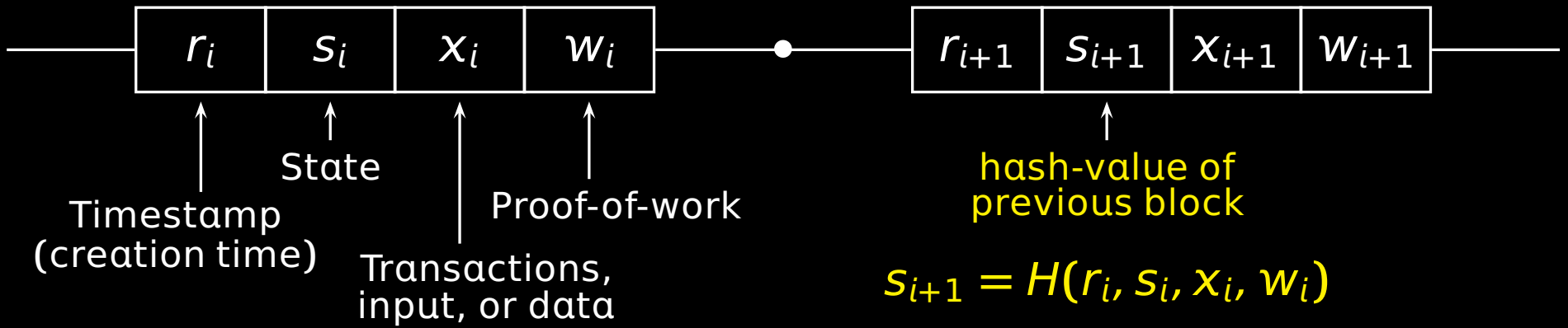
Transactions on the blockchain



A transaction has the following form:

- "From the output (say 10BTC) of transaction i in block j (which was sent to public pk_0), send 2BTC to pk_1 and 7BTC to pk_2"--- signed with sk_0.
- Parties need to agree on which is the j-th block.
- Fees, coinbase transaction.

Comments on the blockchain



- To alter the contents of a block and preserve the length of the chain the adversary either has to discover a collision in $H(\cdot)$ or compute all the subsequent blocks.
  - Thus the adversary *cannot* delete, copy, inject, or predict blocks.
- By adjusting the target T we control how hard is computing a block: the lower the target the higher the difficulty, wlog $1/T$.

The Proof-of-Work Concept

A moderately hard computational task: Given a hash-function $H(\cdot)$ with range $\{0,1\}^\kappa$ and a y, find x such that $H(x,y)$ begins with a lot of zeroes. More precisely, given a target T,

- find x such that $H(x,y) < T$.

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We'll work in the "random oracle" model. That is, we assume the existence of a hash-function $H(\cdot)$ that operates as follows.

- On a query x, the returned value $H(x)$ is a random number from the range of $H(\cdot)$, unless x has been queried before in which case $H(\cdot)$ is consistent (equal to the previous returned value).

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- A query is successful with probability $\frac{T}{2^\kappa}$, and one needs in expectation $\frac{2^\kappa}{T}$ calls to the oracle $H(\cdot)$ for a proof-of-work.
- Among poly(k) queries, the probability of a collision (two distinct x and x' with $H(x) = H(x')$) is exponentially small in κ.

A distributed randomized algorithm

In each round r, each party with a chain C_0 performs the following:

- Receive from the network (block)chains $C_1, C_2, \ldots$
- Choose the first longest chain C among the valid ones in $\{C_0, C_1, C_2, \ldots\}$. (Order matters*.)
- Try to extend the longest chain C.

  This is modeled by a Bernoulli trial with a probability of success that depends on the target T.

  – Suppose its last block is the i-th one and equal to (r_i, s_i, x_i, w_i) with $s = H(r_i, s_i, x_i, w_i)$. Find $w \in \{1, 2, \ldots, q\}$ such that

  $$H(r, s, x, w) < T.$$

  If successful, let $C \leftarrow C \,\|\, (r, s, x, w)$.

- If $C \neq C_0$ (i.e., you computed or switched-to another (longer) chain), broadcast the new chain C.

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- A star ($*$) on a block means that an honest party has the chain ending with that block at the given round.

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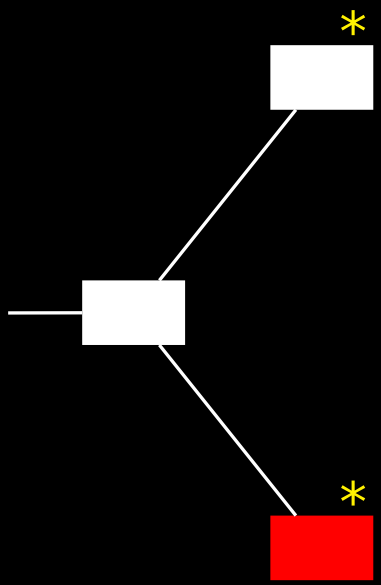

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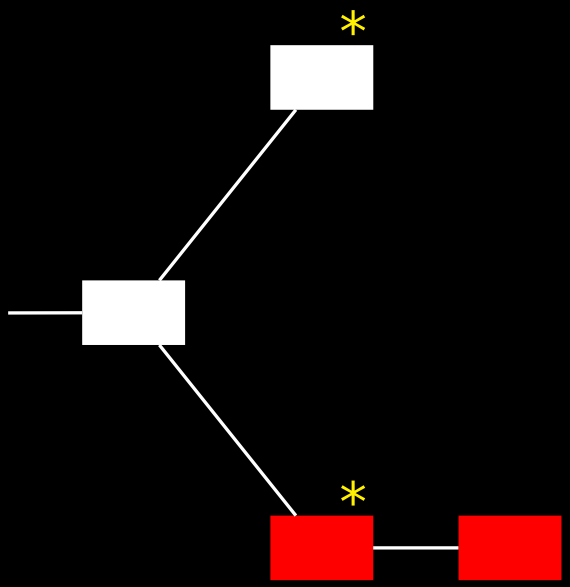

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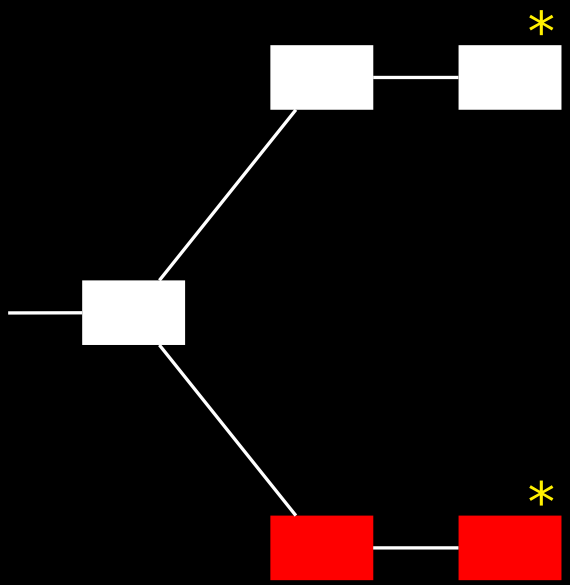

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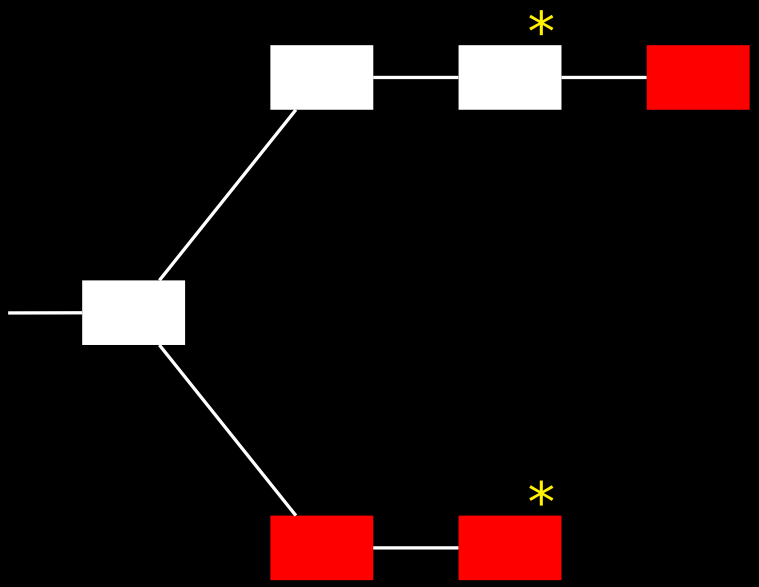

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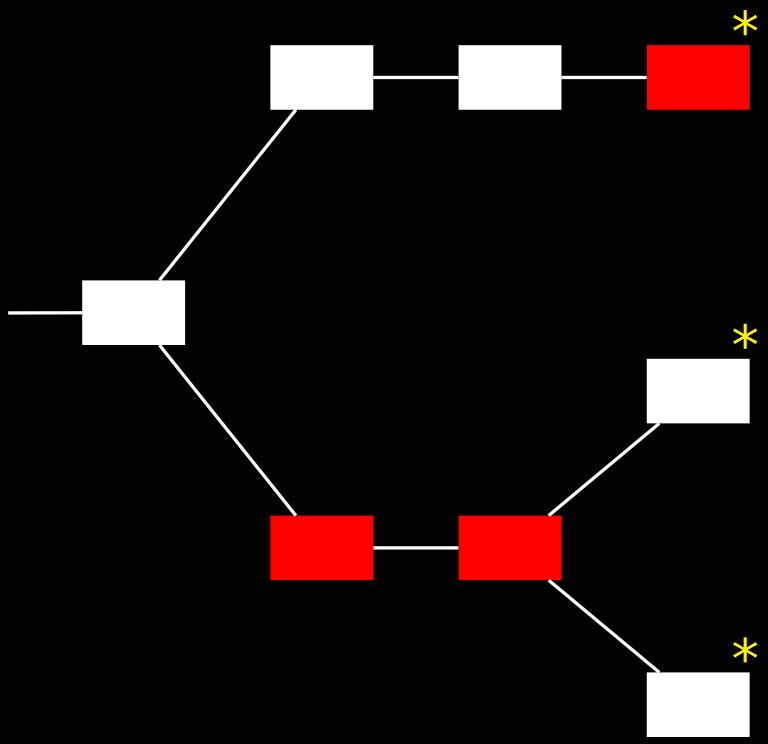

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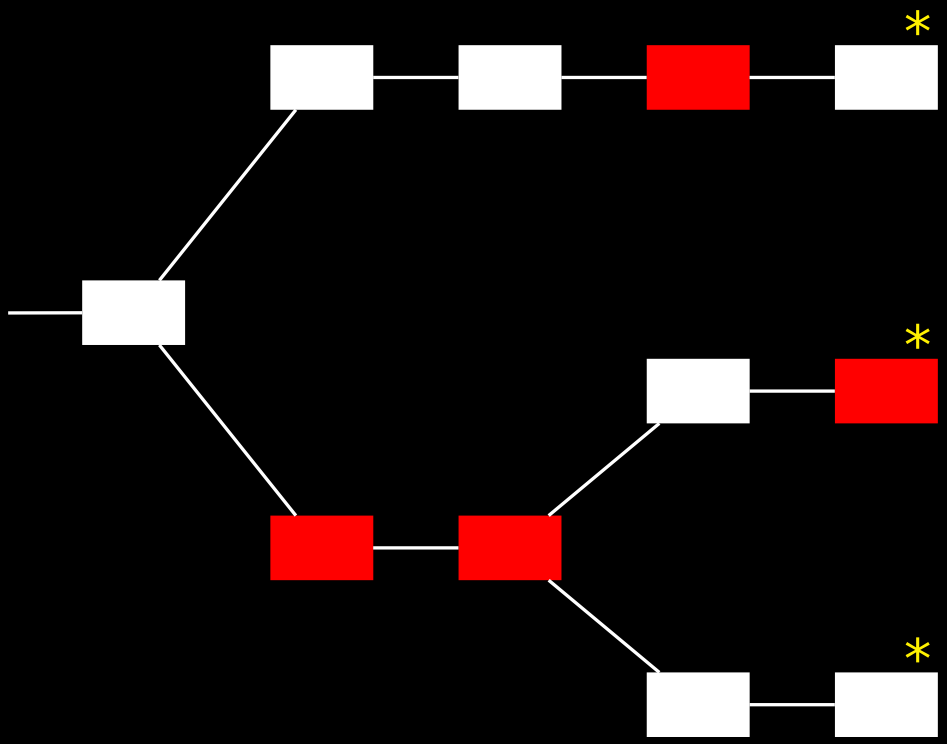

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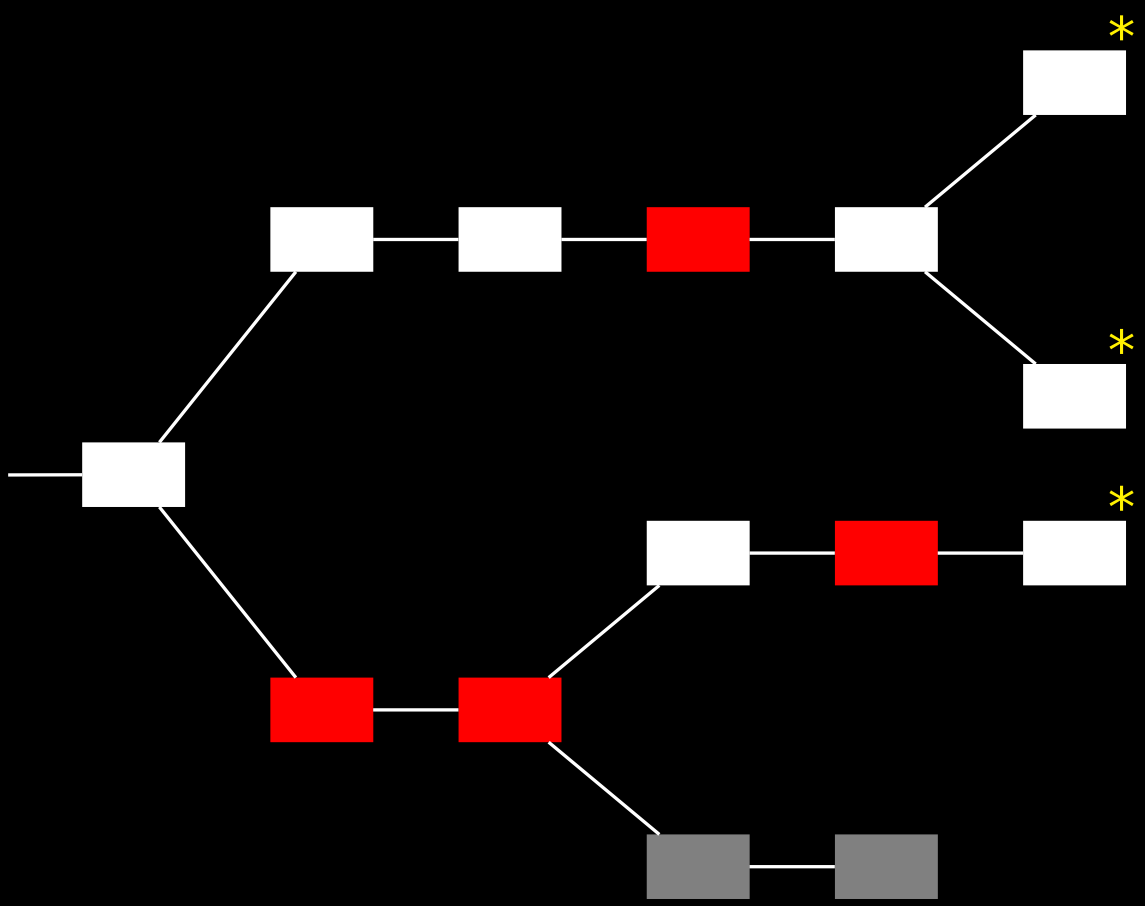

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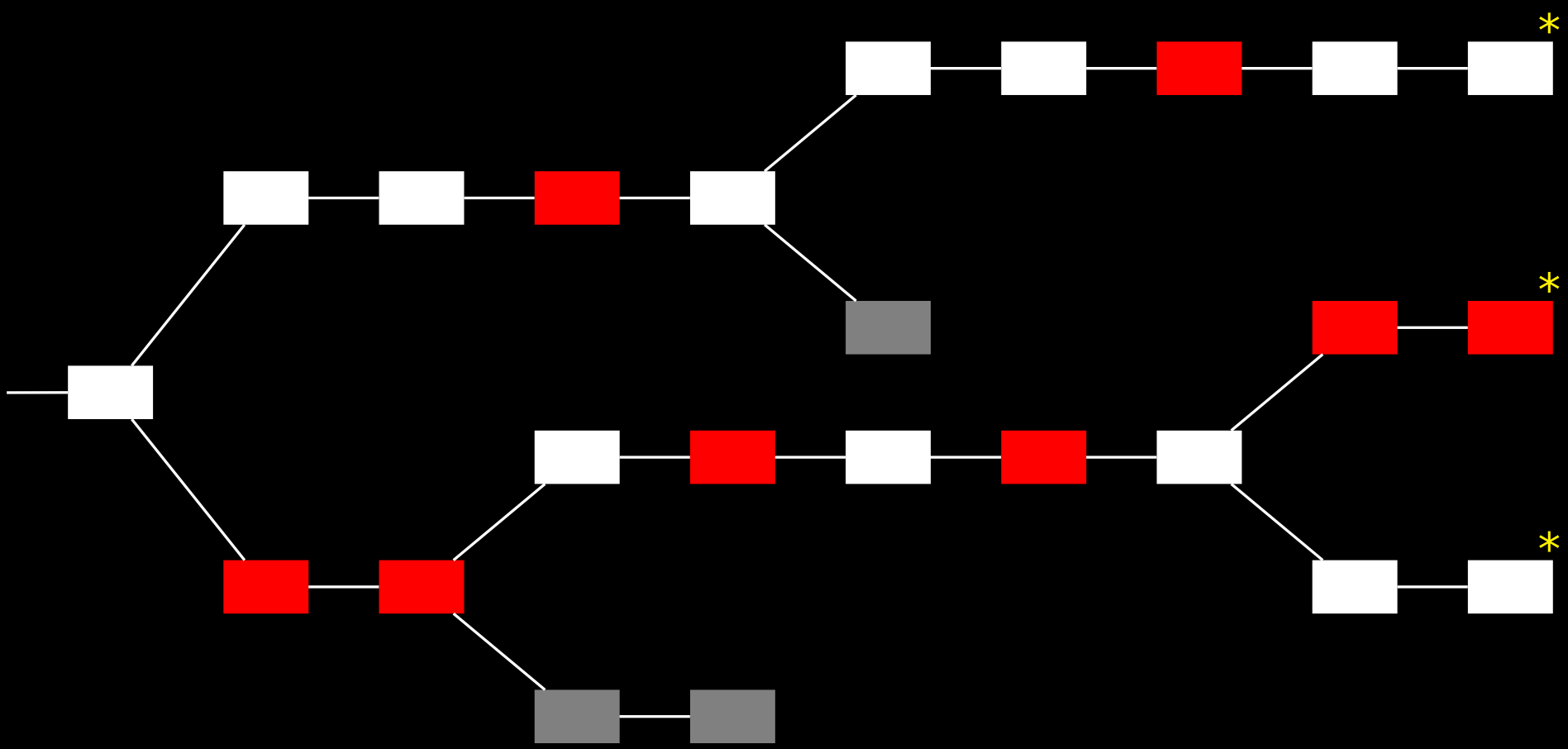

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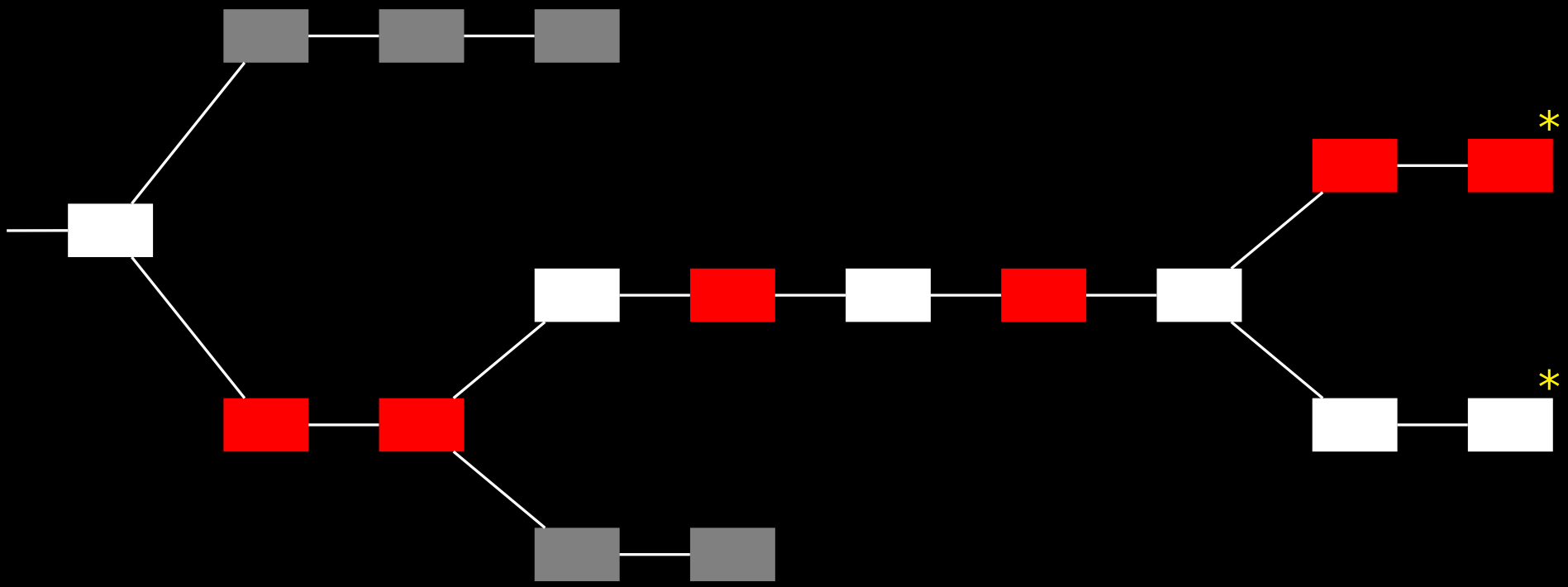

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Persistence. If a transaction is confirmed by an honest party, no honest party will ever disagree about the position of that transaction in the ledger.

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Chain-Growth Property. The chain of any honest party grows at least at a steady rate.

Random Variables

Successful Round. A round r in which at least one honest party computes a block.

$$X_r = 1 \iff r \text{ is a successful round}$$
$$f := \mathbf{E}[X_r] = 1 - (1-p)^n \approx pn$$

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Adversary. For each **query** j,

$$Z_j = 1 \iff \text{the adversary computed a block with his } j\text{-th query}$$
$$\mathbf{E}[Z_r] = \mathbf{E}[Z_1 + \cdots + Z_t] = \mathbf{E}[Z_r] = \mathbf{E}[Z_1] + \cdots + \mathbf{E}[Z_t] = pt$$

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Case $X_{s-1} = 0$. The statement follows directly.

Case $X_{s-1} = 1$. Every honest party queried the oracle with a chain of length at least ℓ' at round $s - 1$ and so all successful honest parties will broadcast a chain of length at least

$$\ell' + 1 = \ell + X_r + \cdots + X_{s-2} + 1 = \ell + X_r + \cdots + X_{s-2} + X_{s-1}.$$

□

Chernoff Bound

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$$\Pr[X \leq (1-\delta)\mu] \leq e^{-\delta^2 \mu/2} \quad \textit{and} \quad \Pr[X \geq (1+\delta)\mu] \leq e^{-\delta^2 \mu/3}.$$

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Chain-Growth Property

With probability at least $1 - e^{-\Omega(\epsilon^2 fs)}$, the chain of any honest party increases by at least

$$(1-\epsilon)fs \approx (1-\epsilon)pns$$

blocks after s consecutive rounds.

Chvátal's trick

Proof (Chvatal's trick). Let $X \sim Bin(n, p)$ and $k = (p + t)n$.

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&= x^{-k} (1 + (x-1)p)^n \\
&= \left[\left(\frac{p}{p+t} \right)^{p+t} \left(\frac{1-p}{1-p-t} \right)^{1-p-t} \right]^n \quad \left(x = \frac{(1-p)(p+t)}{p(1-p-t)} \right)
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$$\ldots$$

$$\ldots \text{(Calculus)} \ldots \quad \leq e^{-2t^2 n}$$

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Compare to the ideal ratio $t/(n+t)$.

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Corollary. *If $t<(1-\epsilon)n$, there is at least one honest block among any ℓ consecutive blocks in the chain of an honest party.*

Proof. The ratio of adversarial blocks is less than $(1+\epsilon)(1-\epsilon)<1$.

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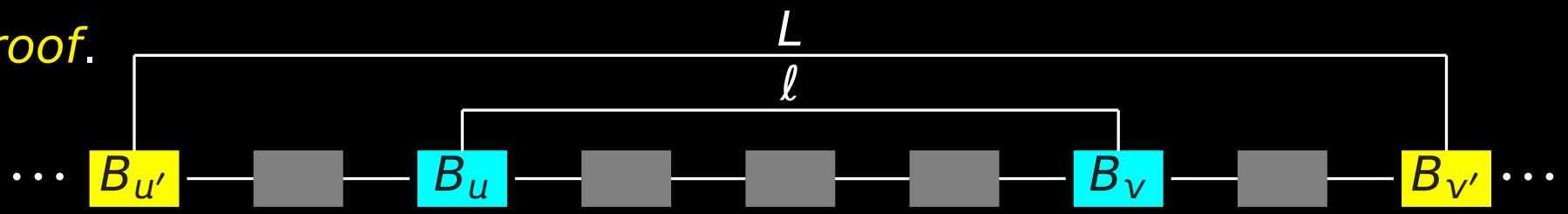
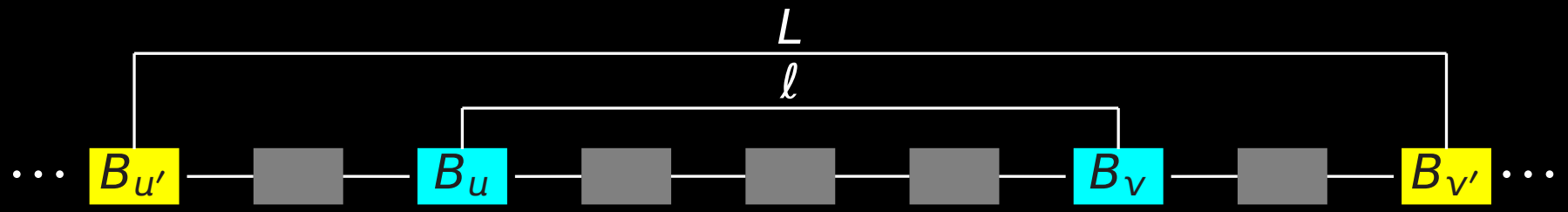
Proof.



- u' is greatest such that $B_{u'}$ was computed by an honest party.
- v' is least such that there exists a round at which an honest party was trying to extend the chain ending at block $B_{v'}$.
- r_1 is the round that $B_{u'}$ was created.
- r_2 first round that an honest party attempts to extend $B_{v'}$.
- $S = \{r : r_1 \leq r < r_2\}$.

Proof of Chain-Quality Property

Proof Cont'd.



We may assume that all the L blocks have been computed during the rounds in the set S.

- The number of successful rounds is at least $X \geq (1 - \frac{\epsilon}{3})pn|S|$.
- The number of adversarial blocks is at most $Z \leq (1 + \frac{\epsilon}{3})pt|S|$.
- Chain growth implies that $L \geq X$.
- The fraction of adversarial blocks is at most

$$\frac{Z}{L} \leq \frac{Z}{X} \leq \frac{1 + \frac{\epsilon}{3}}{1 - \frac{\epsilon}{3}} \cdot \frac{t}{n} \leq (1 + \epsilon) \cdot \frac{t}{n}.$$

Tightness of Chain Quality

Theorem. *There exists an adversary such that, with probability at least* $1 - e^{-\Omega(\epsilon^2 \ell)}$*, there will be* ℓ *consecutive blocks in the chain of every honest party in which the fraction of adversarial blocks is at least*

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Assumption. Ties between chains of equal length always favor the adversary.

Analysis of the Selfish Mining Attack

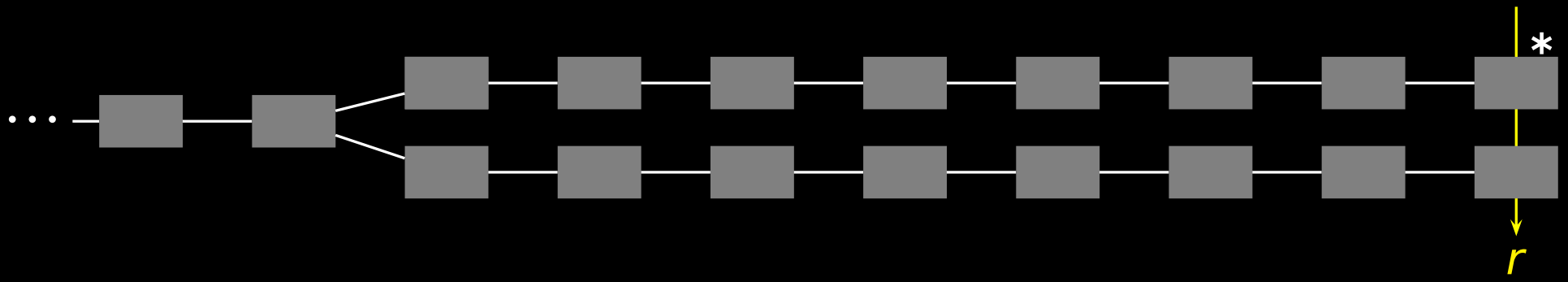
- Consider a set S of at least $\frac{\ell}{(1-\epsilon)pn}$ consecutive rounds.
- This implies $X(S) \geq \ell$ (recall Chain-Growth Property).
- The number Z of adversarial blocks is at least $\frac{t}{n} \cdot \ell$.
- The number Z' of orphaned adversarial blocks computed in S is at most $\epsilon\ell$ with high probability.
- The number Z'' of adversarial blocks not released in S is at most $\epsilon^2\ell$ with high probability.

The ratio of adversarial blocks is at least

$$\frac{Z - Z' - Z''}{X} \geq \frac{\frac{t}{n} \cdot \ell - \epsilon\ell - \epsilon^2\ell}{\ell} \geq \frac{t}{n} - 2\epsilon$$

Common-Prefix Lemma

Common-Prefix Lemma. *The probability that at a given round two parties have chains that disagree in the last k blocks, is at most $e^{-\Omega(k)}$. (The party with the shortest chain should be honest.)*



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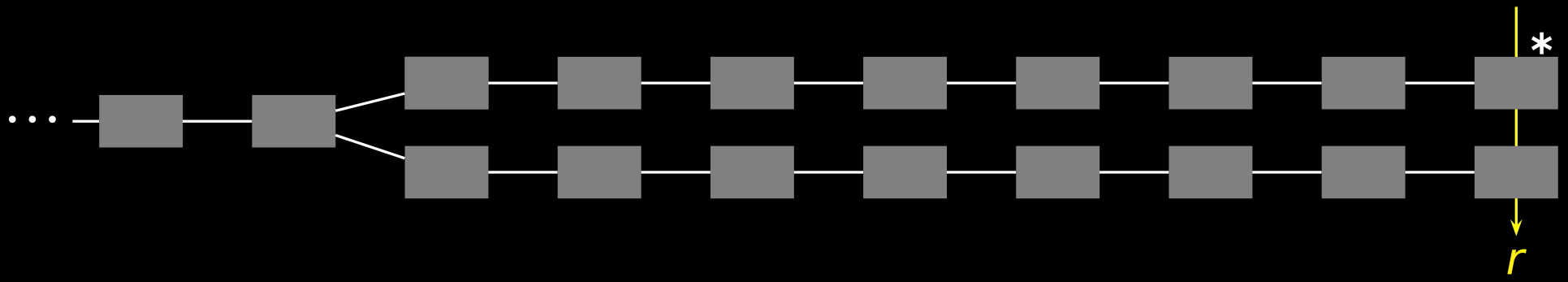

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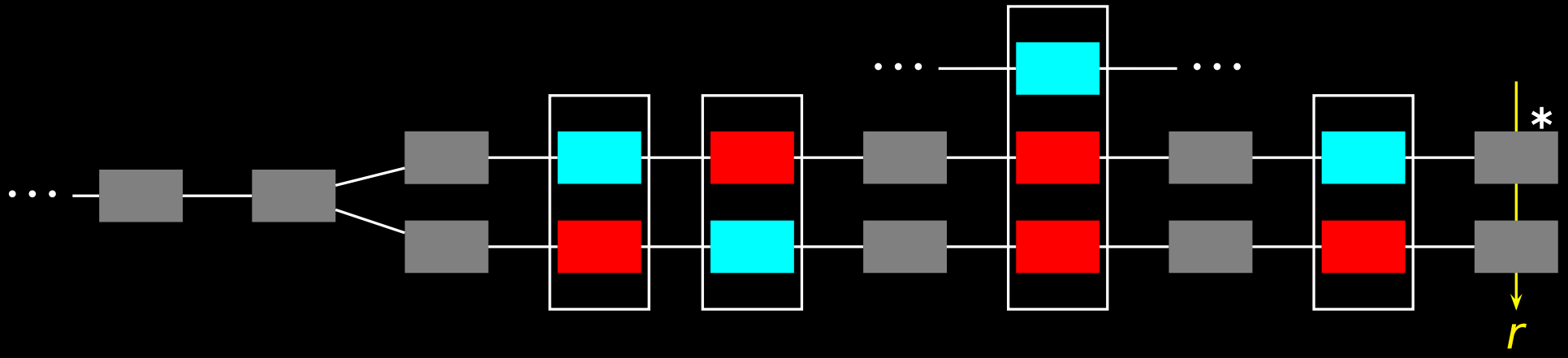

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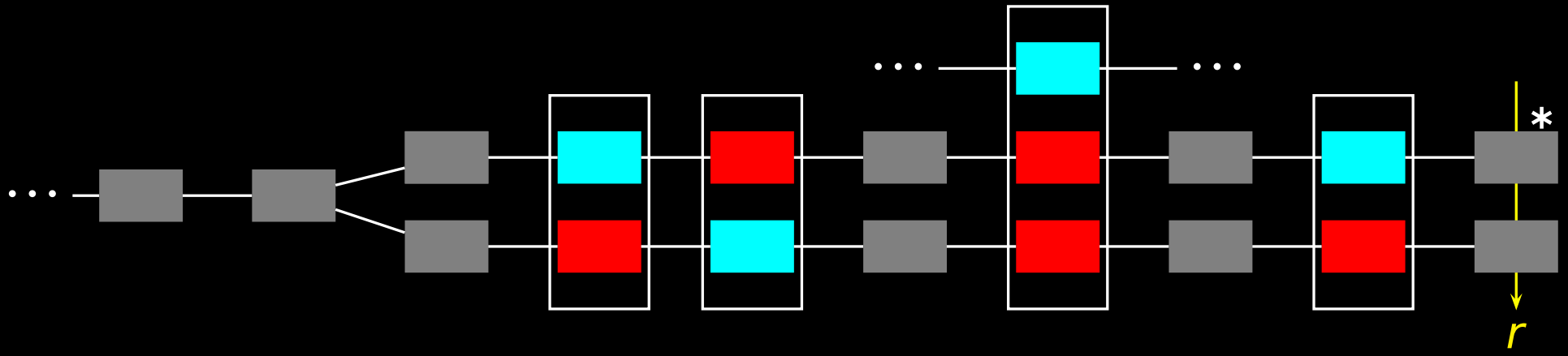

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Proof. Suppose a block of height ℓ was computed by an honest party at a round u with $Y_u = 1$. If any honest party computed a block of height ℓ at any round $r < u$, then any honest party is trying to extend a chain of length at least ℓ at round u. Similarly for $r > u$.

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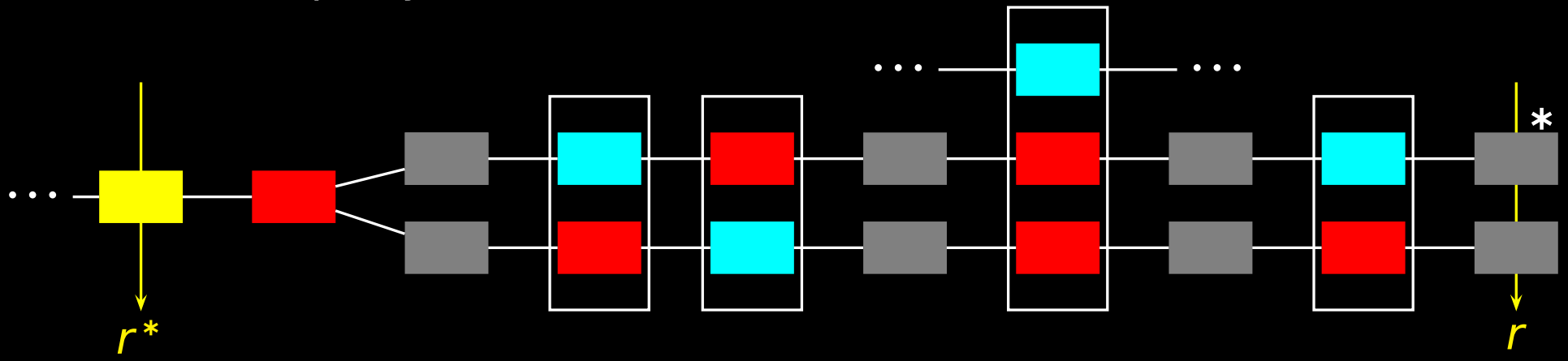

Proof. Let r^* be the last round before the fork that was computed by an honest party. Set $S = \{r^* + 1, \ldots, r - 1\}$.

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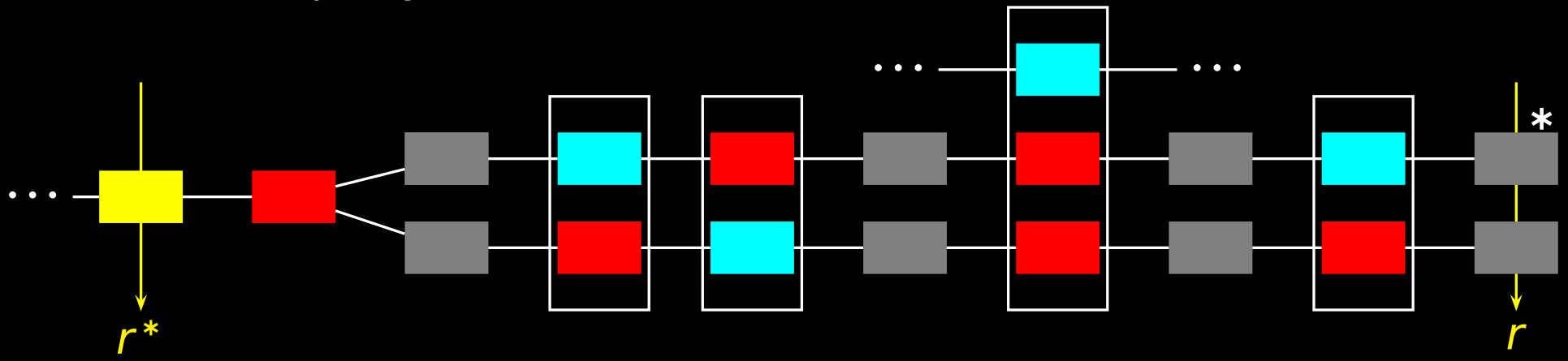

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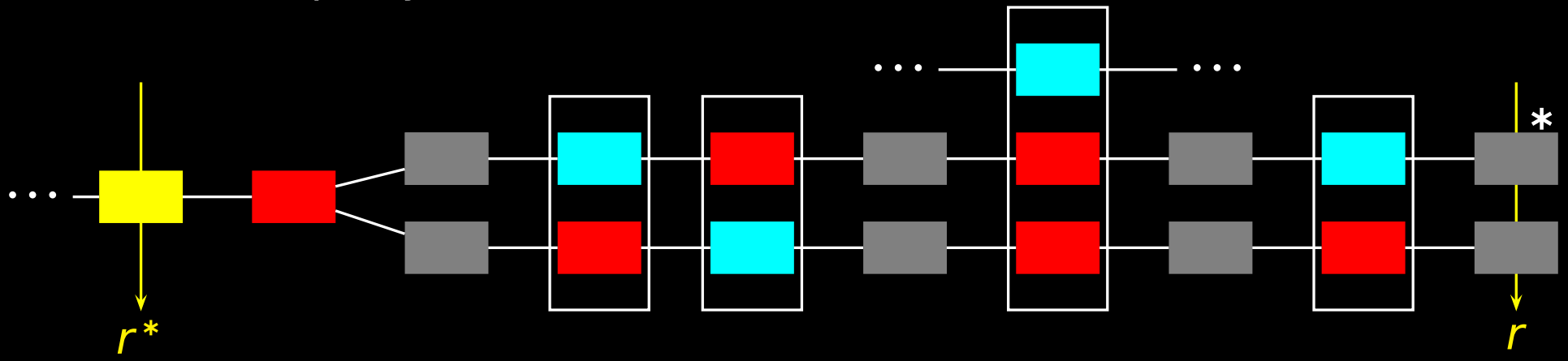

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$$\text{Uniqely successful rounds in } S \quad \leq \quad \text{Adversarial successes in } S.$$

Proof of the common-prefix lemma (cont'd)

Recall that $\mathbf{E}[Y_i] > f(1-f)$. Let $Y(S) = \sum_{r \in S} Y_r$. Then, since $\mathbf{E}[Y(S)] = \sum_{r \in S} f(1-f) = f(1-f)|S|$, by the Chernoff bound,

$$\Pr[Y(S) \leq (1-\epsilon) f(1-f)|S|] = e^{-\Omega(|S|)}.$$

Similarly

$$\Pr[Z(S) \geq (1+\epsilon) pt|S|] = e^{-\Omega(|S|)}.$$

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Assuming these bad events don't occur (union bound) and the Honest Majority Assumption

$$\begin{aligned} Z(S) &< (1+\epsilon)pt|S| \\ &< (1+\epsilon)(1-\delta)pn|S| && (t < (1-\delta)n) \\ &< (1+\epsilon)(1-\delta) \cdot \frac{f}{1-f} \cdot |S| && ((1-f)pn < f) \\ &< (1-\epsilon)f|S| && (\delta > 3\epsilon + 3f) \\ &< Y(S) \end{aligned}$$

Byzantine agreement (consensus)

A set of parties $\{1, \ldots, n\}$, t of which are controlled and coordinated by an adversary. Parties have inputs $x_1, \ldots, x_n \in \{0, 1\}$ and want to decide on outputs $v_1, \ldots, v_n$ so that the following conditions are satisfied.

- **Agreement:** All honest parties decide on the same value (i.e., if i and j are honest, then $v_i = v_j$).
- **Validity:** If all honest parties have the same input value x, then all honest parties decide x (i.e., if i is honest, then $v_i = x$).

Nakamoto's insight

Re: Bitcoin P2P e-cash paper

Satoshi Nakamoto | Thu, 13 Nov 2008 19:34:25 -0800

James A. Donald wrote:
> It is not sufficient that everyone knows X. We also
> need everyone to know that everyone knows X, and that
> everyone knows that everyone knows that everyone knows X
> - which, as in the Byzantine Generals problem, is the
> classic hard problem of distributed data processing.

The proof-of-work chain is a solution to the Byzantine Generals' Problem. I'll try to rephrase it in that context.

A number of Byzantine Generals each have a computer and want to attack the King's wi-fi by brute forcing the password, which they've learned is a certain number of characters in length. Once they stimulate the network to generate a packet, they must crack the password within a limited time to break in and erase the logs, otherwise they will be discovered and get in trouble. They only have enough CPU power to crack it fast enough if a majority of them attack at the same time.

They don't particularly care when the attack will be, just that they all agree. It has been decided that anyone who feels like it will announce a time, and whatever time is heard first will be the official attack time. The problem is

https://www.mail-archive.com/cryptography@metzdowd.com/msg09997.html

Byzantine Agreement Protocol

Theorem [**GKL2015**]**.** *Assuming $t < n/3$, the following protocol terminates after $\Theta(k)$ rounds in expectation and solves consensus with probability at least $1 - e^{-\Omega(k)}$.*

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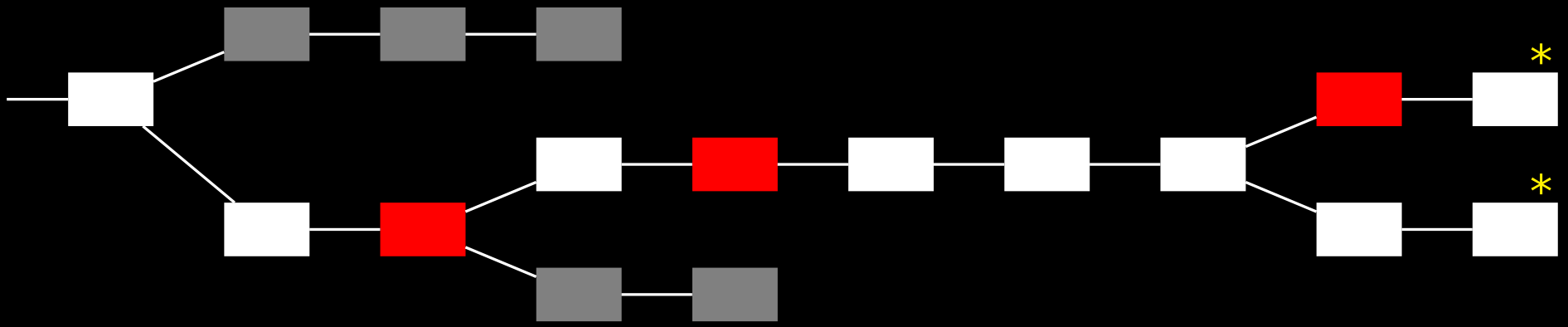

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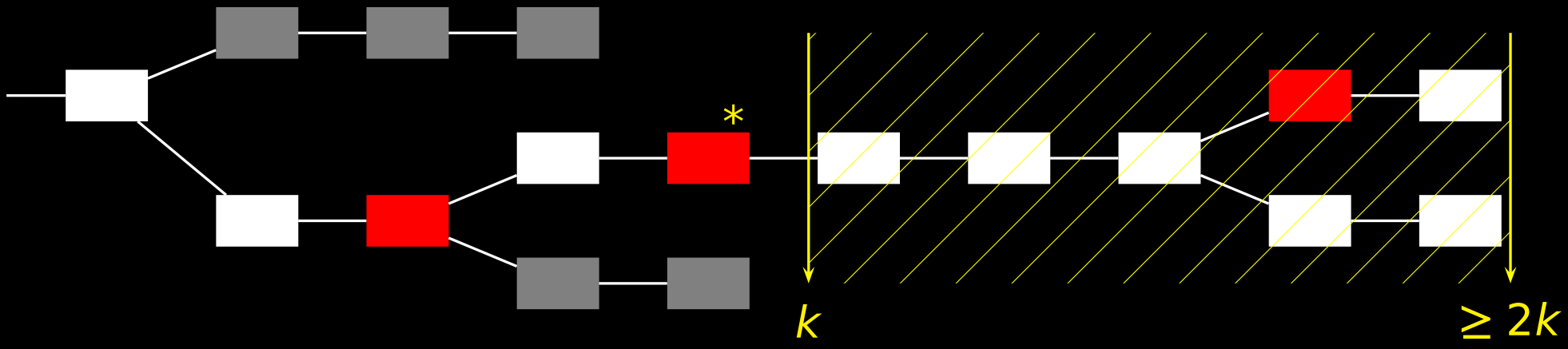

Proof of Agreement and Validity

- By the common-prefix property, if the adversary has less than half of the total computational power, Agreement is satisfied with high probability.

  This is because every honest party will output the majority of the input-bits included in the common prefix of their (possibly different) chains. (Consider the first time an honest party has a chain of length at least $2k$.)

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- By the chain-quality property, if the adversary has less than one third of the total computational power, Validity is satisfied with high probability.

  This is because out of the k bits of the common prefix, the adversary has computed less than half of them. Therefore, if all the honest parties have the same input x, the majority of the bits in the common prefix will be x.

2-for-1 PoWs

Idea. Two kinds of blocks with a single query. Recall $H : \{0,1\}^* \to \{0,1\}^\kappa$.

- Normal blocks: $H(x) < T = 2^a$.
- Input blocks: $[H(x)]^R < T' = 2^b$.

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Observation. As long as $a + b > \kappa$, the probabilities of obtaining a block of each kind are independent.

Proof. Let U random over $\{0,1\}^\kappa$. Conditioning on $U < T$ leaves the a least significant bits of U random, while fixing the remaining $\kappa - a$ bits. Thus, the $a > \kappa - b$ most significant bits of U^R are random. It follows that

$$\Pr[U^R < T' | U < T] = \frac{2^{a-(\kappa-b)}}{2^a} = \frac{2^b}{2^\kappa} = \frac{T'}{2^\kappa} = \Pr[U^R < T'].$$

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Agreement follows from Common-Prefix Property because at least k blocks are pruned.

Proof for validity (sketch)

- Let C denote the prefix of the first $\frac{3k}{\delta} + 2k$ normal blocks.
- By Chain-Quality Property, the last k of C contain an honest normal block B, computed at some round r.
- Note that B contains all honest input blocks computed in $S = \{1, 2, \ldots, r\}$. Let $X(S)$ denote their number and $Z(S)$ the adversarial input blocks.
- Thus,

$$\frac{Z}{X} < \frac{(1+\epsilon)pt|S|}{(1-\epsilon)f|S|} < \frac{(1+\epsilon)(1-\delta)pn|S|}{(1-\epsilon)(1-f)pn|S|} \leq \frac{(1+\epsilon)(1-\delta)}{(1-\epsilon)(1-f)} < 1$$

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Remark. These definitions are not tight. In particular, we could do with a set of uniquely successful rounds such that any two are Δ-far away from each other.

Chain-Growth Lemma

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Proof. By induction on v.

Basis ($v = u + \Delta - 1$). If at round u an honest party has a chain C of length ℓ, then that party broadcast C at a round earlier than u. It follows that every honest party will receive C by round $u - 1 + \Delta = v$.

Case $X'_{v-\Delta} = 0$. By hypothesis, every honest party has received a chain of length at least $\ell + X'_u + \cdots + X'_{v-\Delta-1} = \ell'$ by round $v - 1$.

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Case $X'_{v-\Delta} = 1$. By hypothesis, by round $v - \Delta$, every honest party has adopted a chain of length at least

$$\ell + X'_u + \cdots + X'_{v-2\Delta} = \ell + X'_u + \cdots + X'_{v-\Delta-1} = \ell' - 1.$$

Hence, all honest parties successful at round $v - \Delta$ broadcast a chain of length at least ℓ'. This chain will be received by every honest party by round v.

Concentration for Lipschitz functions

- Note that Y'_i and Y'_j are not independent anymore when $|i-j| < 2\Delta$ and the standard Chernoff bound does not apply. (Similarly for X'_i and X'_j.)

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A function $f(x_1, \ldots, x_n)$ is k-Lipschitz if $|f(x) - f(x')| \leq k$, whenever x and x' differ in at most one coordinate.

Theorem. *If f is k-Lipschitz and $X_1, \ldots, X_n$ are independent random variables, then*

$$\Pr[f > \mathbf{E}f + t] \leq \exp\left(-\frac{2t^2}{nk^2}\right) \quad \textit{and} \quad \Pr[f < \mathbf{E}f - t] \leq \exp\left(-\frac{2t^2}{nk^2}\right).$$

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- Each X'_i is a function of $X_{i-\Delta}, \ldots, X_i$.
- Thus, the sum $\sum_{i=\Delta}^{r} X'_i$ is a function of the independent random variables $X_1, X_2, \ldots, X_r$.
- Moreover, $\sum_{i=\Delta}^{r} X'_i$ is 2-Lipschitz (actually 1-Lipschitz). This is because X_j affects X'_i only if $j \leq i < j + \Delta$ and there can be at most two X'_i equal to 1 in an interval of length Δ.

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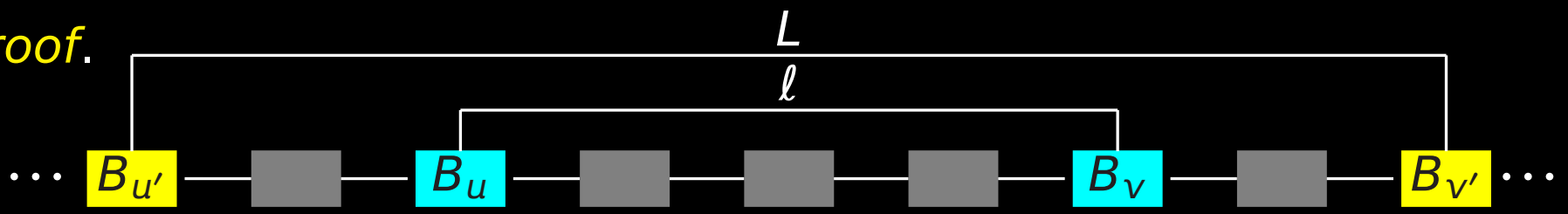
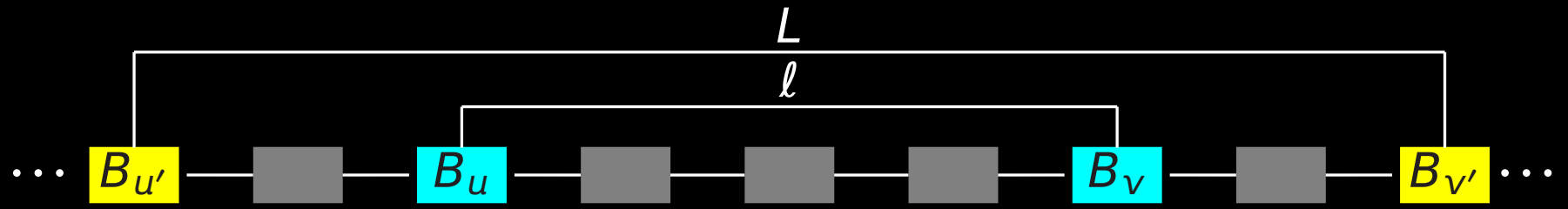
Proof.



- u' is greatest such that $B_{u'}$ was computed by an honest party.
- v' is least such that there exists a round at which an honest party was trying to extend the chain ending at block $B_{v'}$.
- r_1 is the round that $B_{u'}$ was created.
- r_2 first round that an honest party attempts to extend $B_{v'}$.
- $S = \{r : r_1 \leq r < r_2\}$.

Proof of Chain-Quality Property

Proof Cont'd.



We may assume that all the L blocks have been computed during the rounds in the set S.

- The number of successful rounds is at least $X \geq (1-\frac{\epsilon}{3})pn(|S|-\Delta)$.
- The number of adversarial blocks is at most $Z \leq (1+\frac{\epsilon}{3})pt|S|$.
- Chain growth implies that $L \geq X$.
- The fraction of adversarial blocks is at most

$$\frac{Z}{L} \leq \frac{Z}{X} \leq \frac{1+\frac{\epsilon}{3}}{1-\frac{\epsilon}{3}} \cdot \frac{t}{n} \cdot \left(1-\frac{\Delta}{|S|}\right) \leq \cdots.$$

Choose ℓ large enough so that $\Delta/|S|$ is small enough.

Proof of the common-prefix lemma

Common-Prefix Lemma. *The probability that at a given round two parties have chains that disagree in the last k blocks, is at most $e^{-\Omega(k)}$. (The party with the shortest chain should be honest.)*

Observation. *Suppose the ℓ-the block of a chain was computed by an honest party in an isolated uniquely successful round. Then any other ℓ-th block has been computed by the adversary.*

Proof. Suppose a block of height ℓ was computed by an honest party at a round u with $Y'_u = 1$. This implies $X_r = 0$ for and $r \neq u$ with $|r - u| < \Delta$.

- Thus, no honest party could compute another block at a round r with $|r - u| < \Delta$.
- If any honest party computed a block of height ℓ at any round $r < u - \Delta$, then any honest party is trying to extend a chain of length at least ℓ at round u.
- Similarly for $r > u + \Delta$.

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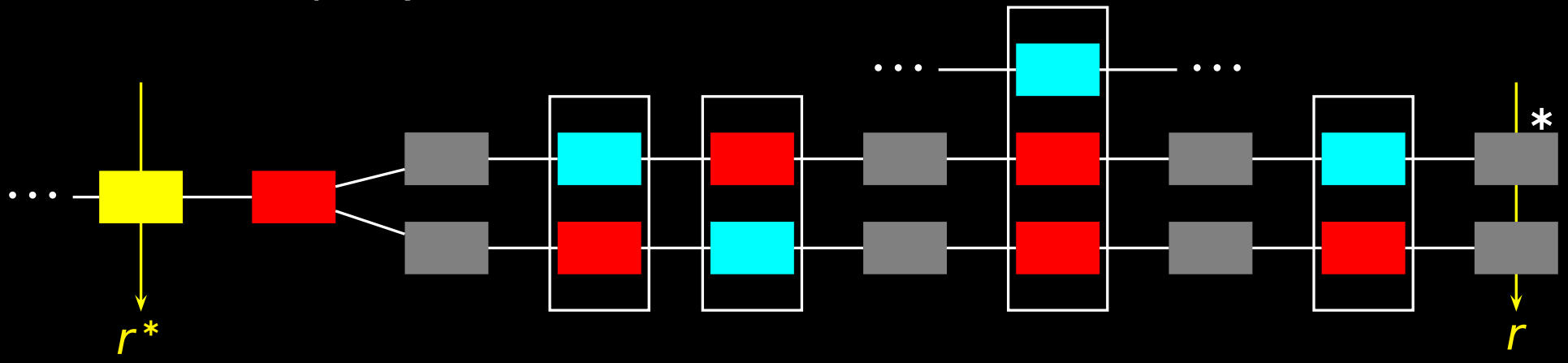

Proof. Let r^* be the last round before the fork that was computed by an honest party. Set

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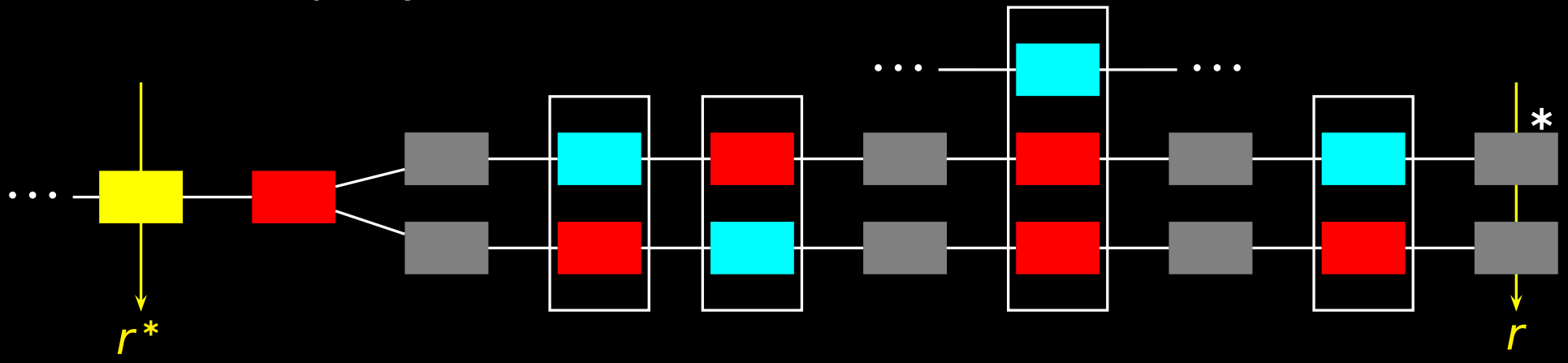

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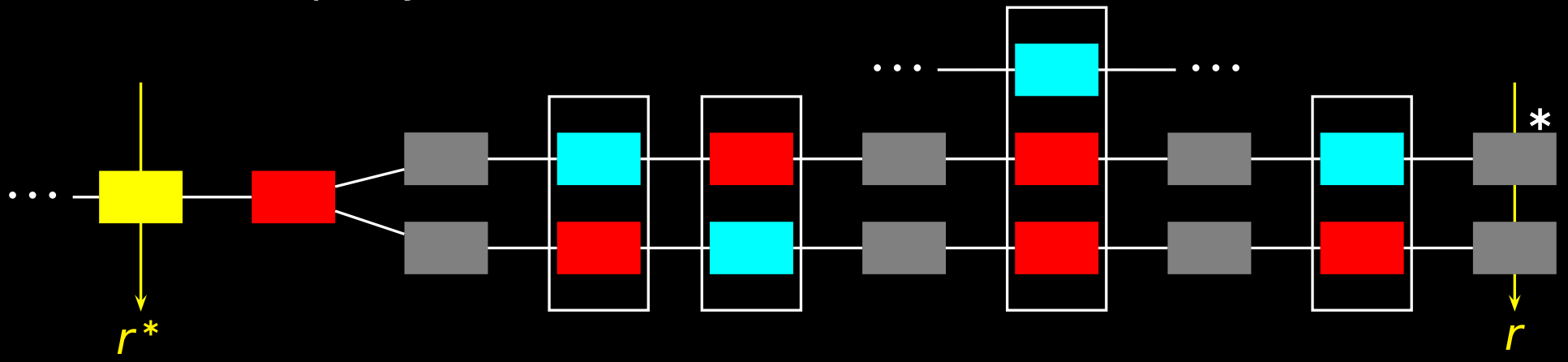

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By the Observation, to every Δ-isolated uniquely successful round in S' corresponds an adversarial block computed in S. Thus,

$$\text{Isolated uniqely successful rounds in } S' \leq \text{Adversarial successes in } S.$$

Proof of the common-prefix lemma (cont'd)

Recall $\mathbf{E}[Y'_i] > f(1-f)^{2\Delta-1}$. We can argue that $Y'(S') = \sum_{r \in S'} Y'_r$ is 2-Lipschitz. By the Concentration bound for Lipschitz functions,

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Assuming these bad events don't occur (union bound) and the Honest Majority Assumption

$$\begin{aligned} Z(S) &< (1+\epsilon) pt|S| \\ &< (1+\epsilon)(1-\delta) pn|S'| && (t < (1-\delta)n) \\ &< (1+\epsilon)(1-\delta) \cdot \frac{f}{1-f} \cdot |S'| \left(1 + \frac{2\Delta}{|S'|}\right) && ((1-f)pn < f) \\ &\ldots \text{(Making } 2\Delta/|S'| \text{ sufficiently small)} \ldots \\ &< Y'(S') \end{aligned}$$

Exercise

Show that there are values for T and Δ so that even an adversary with no hashing power can break common prefix for parameter k with probability non-negligible in k.

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- Delay every honest block to the end of the stage.
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Termination

- Consider a stage as failed if a single honest party computed more than one block or one of the parts computed no block.
- The attack is successful if k consecutive stages don't fail.

Low-difficulty attack analysis

- The probability q that the strategy fails in a given stage is at most

$$q < 2(1-pT)^{\Delta n/2} + 1 - [(1-pT)^{\Delta} + \Delta pT(1-pT)^{\Delta-1}]^n.$$

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- A sequence of k consecutive successful stages occurs with constant probability.

Dynamic execution: number of parties is changing

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- Each block now is associated with a target T and difficulty $\frac{1}{T}$.

  Parties now follow the heaviest chain.

Naive target recalculation

- The target is recalculated every m blocks.

  Bitcoin uses $m = 2016$ and calls the period between two recalculation points an epoch.

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- Suppose the last m blocks were computed in Λ rounds for target T. If we want to have m blocks in every $\frac{m}{f}$ rounds, set

$$T' = \frac{\Lambda}{m/f} \cdot T, \qquad (f = \text{block-production rate}).$$

  This is justified because for small f the relation between f and T is approximately linear.

Bahack's difficulty raising attack

- Suppose that at some round r the honest parties have a chain of length λm.
- The adversary builds the next epoch all by himself with fake timestamps, resulting in huge difficulty for the next epoch.
- His strategy is to set T' so small, so that if he computes the 1st block (a superblock of difficulty $\frac{1}{T'}$) of the next epoch fast (say half the expected time), he obtains a chain heavier than the chain the honest parties are expected to have by that time.
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But, Nakamoto knew this!!!

Analysis of the attack (sketch)

To see why this works, let us fix a target T for the honest parties and suppose the honest parties advance with success probability f and the adversary with $\frac{1}{1+\delta} \cdot f$ (for some $\delta < 1/2$).

- If the adversary sets $T' = \frac{T}{2\delta m}$, then with constant probability he finishes his attack (i.e., $(m+1)$ blocks) in

$$(1+\delta) \cdot \frac{m}{f} + (1+\delta) \cdot \frac{T}{T'} \cdot \frac{1}{3f}$$

  rounds and has collected difficulty

$$\frac{m}{T} + \frac{1}{T'} = \frac{m}{T} + \frac{2\delta m}{T} = (1+2\delta) \cdot \frac{m}{T}.$$

- The honest parties have collected (in expectation)

$$(1+\delta)\left(\frac{m}{T} + \frac{1}{3T'}\right) = (1+\delta)\left(\frac{m}{T} + \frac{2\delta m}{3T}\right) < (1+2\delta) \cdot \frac{m}{T}.$$

The adversary wins with constant probability!

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Theorem. *If, for appropriate parameters s and γ,*

$$\forall r, r' \qquad |r - r'| \leq s \implies \frac{n_r}{\lambda} \leq n_{r'} \leq \lambda n_r,$$

then common prefix and chain quality hold (assuming adversarial minority and appropriate initialization).

The common-prefix lemma in the dynamic case

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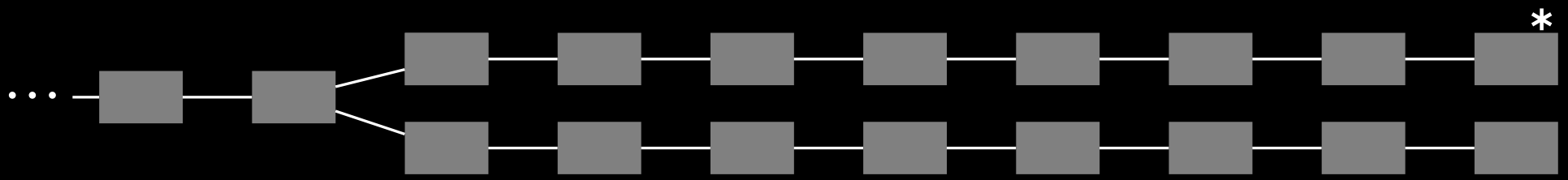

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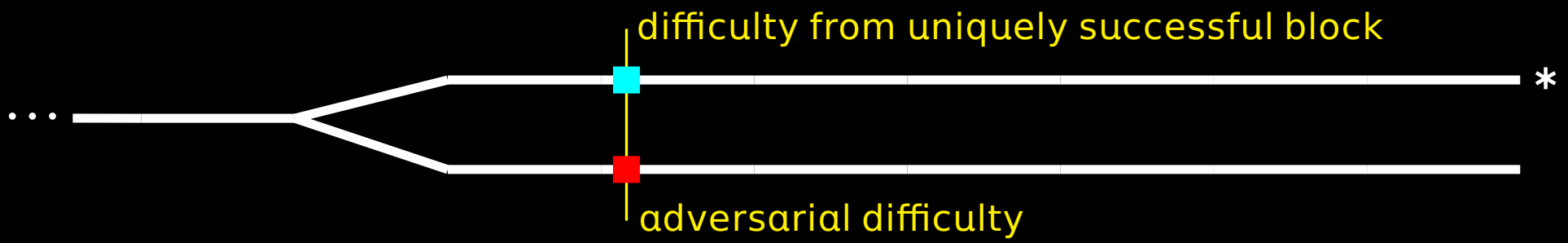

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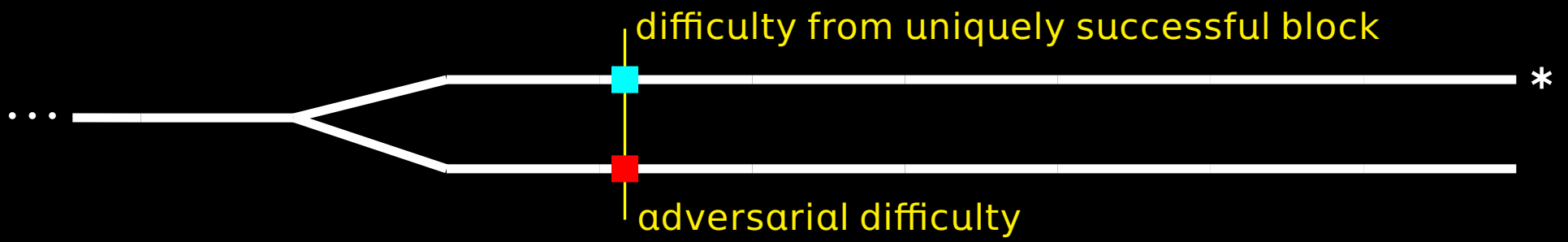

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Difficulty accumulated in uniqely successful rounds in a set S $\leq$ Difficulty accumulated by the adversary during rounds in S

□

Concentration bounds in the dynamic case

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- B is expected to earn $\mathbf{E}[X_i] = 1$฿ in round i. Thus, B is expected to earn k฿ in k rounds.
- How concentrated around their expectation are B's earnings? Does it hold

$$\Pr\left[\sum_{i=1}^{k} X_i < (1-\epsilon)k\right] = e^{-\Omega(\epsilon^2 k)} \ ?$$

Martingale bounds

Theorem. *Let f be a function of the n random variables $X_1, \ldots, X_n$. Let*

$$D_i = \mathbf{E}[f|X_1, \ldots, X_i] - \mathbf{E}[f|X_1, \ldots, X_{i-1}],$$

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(sup is taken over all possible assignments to $X_1, \ldots, X_{i-1}$). Then, for any $t, v \ge 0$,

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Proof application: Show that if an execution begins with good initial parameters (in particular, $V \le v$) and at some point deviates from the desired block-production rate, then concentration was violated while $V \le v$.

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Assuming the execution begins with good initial parameters—i.e., in the beginning the block-production rate is very close to the (desired) f—we show that with high probability the following hold.

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Theorem. *Every block in a chain that is ever adopted by an honest party, has "accurate" timestamp and "good" target.*

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- Similarly, we shouldn't accept blocks with timestamps too far in the past, because target recalculation may lead to a small target.

  Bitcoin considers a block to be valid if its timestamp is at least the median of the last 11 timestamps.