

## Class 1: What is Money?

### Schedule

Before **8:29pm Saturday** (29 August):

1. **Read:** [Course Syllabus](#)
2. **Setup** a bitcoin wallet (see [Registration](#))
3. **Submit** [Registration](#)

Before **Monday's class**:

- **Read:** [Chapter 1: Introduction](#) and [Chapter 2: How Bitcoin Works](#) from Andreas M. Antonopoulos, [Mastering Bitcoin: Unlocking Digital Cryptocurrencies](#) book (also available [in print](#)).

Note: ink markings may not appear in the embedded viewer. To see them, download the slides.

### Notes

What is currency?

*Every commodity admits two uses: (1) its proper use, (2) its use as an article of exchange.*  
Aristotle's [Politics](#)

What properties should a currency have?

What is a *fiat* currency?

*All these pieces of paper are, issued with as much solemnity and authority as if they were of pure gold or silver... and indeed everybody takes them readily, for wheresoever a person may go throughout the Great Kaan's dominions he shall find these pieces of paper current, and shall be able to transact all sales and purchases of goods by means of them just as well as if they were coins of pure gold.*

Macro Polo (on Yuan Dynasty paper money, 13th century)

Was salt a fiat currency as used by the Romans? Was salt a fiat currency as used by the Han Dynasty?

*China's Millenniums-Old Salt Monopoly No Match for Economic Reform*, New York Times, 21 November 2014.

## Designing a Digital Currency

What are the drawbacks of using a centralized bank to record transactions?

What race conditions could occur when you make a purchase with a credit card today?

What is recorded in the bitcoin ledger?

## Discussion Questions

How well does US paper money work as a currency?

Why are there [over 800 cryptocurrency startups](#)?

How big do you expect the bitcoin blockchain to be at the end of this class (December 11)? (closest answer wins!)