BITCOIN. AN ECONOMIC APPRAISAL

maarten brijker

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outline

- goal
- outline paper
- monetary systems
  - gold standard
  - fiat money
  - bitcoin
- comparisons
- problems

goal

- to examine Bitcoin's potential as a dominant monetary system

- by comparing it with our two main monetary systems:
    - gold standard
    - fiat money

- literature review
- quantity theory of money
- IS-LM model

**outline
paper**

- GOLD STANDARD
  - historical outline
  - economical outline
    - basic principles
    - role of the central bank
    - role of the government
    - international

- FIAT MONEY
- BITCOIN

- COMPARISONS
  - money supply
  - money demand
  - inflation
  - output & income

monetary system:
GOLD STANDARD

historical:
- classical gold standard
- bretton woods
- shift in policy

monetary system:
GOLD STANDARD

economical:
- ■ basic principles
    - ■ commitment mechanism
    - ■ long run stability

- ■ role of the central bank
    - ■ lender of last resort
    - ■ fractional reserve system

- ■ role of the government
    - ■ a contingent rule

- ■ international
    - ■ international gold standard
    - ■ centrism

monetary system:
FIAT MONEY

historical:
- development pattern
- early forms of fiat money
- after bretton woods
- monetary policy

monetary system:
FIAT MONEY

economical:
- basic principles
  - definitions (unbacked & intrinsically useless, m.o.e.)
  - market equilibrium

- role of the central bank
  - policy
  - money creation
  - brand name

- government
  - coordination failure
  - election cycles + seigniorage —> need regulation

- international
  - optimum currency areas

monetary system:
BITCOIN

historical:
- e-cash
- ideology
- financial return
- crashes

monetary system:
BITCOIN

economical:
- ■ basic properties
  - ■ mix of gold and fiat
  - ■ constant money growth and a fixed money stock
  - ■ low transaction fees
  - ■ privacy

- ■ role of the blockchain
  - ■ how it works
  - ■ double spend problem
  - ■ scalability of mining

comparisons:
INFLATION

■ money supply & money demand
  ■ refer back to monetary systems

■ inflation
  ■ use above & the quantity of money to examine this ?
  ■ compare gold with fiat
    ■ argument: bitcoin shares characteristics
  ■ literature: relation inflation and different money systems ?

comparisons:
OUTPUT & INCOME

■ IS-LM model
　■ input: inflation

■ use previous comparison in model
■ relevant literature

problems

■ how to properly compare effect on inflation
■ IS-LM the right model?
■ thesis is too long (already 10.000 words)
   ■ how to scale down