

Notes

What is currency?

- Store of value
 - medium of exchange
 - representation of debt
- Trust is \$
US govt
Scarcity — { - won't "print" too much
 - catch counterfeiters

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

What properties should currency have?

- not forgable - transportable - Universal recognition (standardized) - hard to lose, destroy
- Stable (value doesn't change) - divisible - centralized

Universally Recognized

(everyone accepts it)

Stable (value doesn't change)

Scarce (limited supply, difficult to duplicate)

Transferable (easy and inexpensive to exchange)

Persistent (can't be easily destroyed)

What is a fiat currency?

Currency that has value because the govt limits the supply

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

Yes. Yes.

Designing a Digital Currency

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

What rare 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 Litecoin blockchain to be at the end of this class (Dec 11)?