

Bitcoin: Alternative Currencies Reloaded, Part One

This is the first of two posts relating to the Sociology Forum event on 15th January, a panel discussion on Bitcoin and alternative currencies. Here, we offer a brief introduction in preparation for the event and share some interesting resources and articles about Bitcoin and alternative currencies from a variety of sources. We will follow this up with a summary of the discussion, which will be trying to uncover what is sociologically interesting about the Bitcoin phenomenon.



Bitcoin began hitting the headlines in earnest towards the end of last year, as this Google Trends graph [shows](#). But what was driving this interest and enthusiasm? The soaring value of Bitcoin caught the attention of speculators and investors. At their peak, Bitcoins were being valued at \$1,203 each, but warnings of the [volatility](#) of the digital currency and likening the Bitcoin 'bubble' to the [17th Century Tulip Mania](#) in the Netherlands have urged investors to be cautious about this new currency. From a global economic perspective, [China's enthusiasm for Bitcoin](#) has been much discussed, though the crackdown on [Chinese banks](#) illustrates the authorities concerns about this unregulated currency. Not only is Bitcoin unregulated, it is also vulnerable to use for more nefarious ends. The [presence of Silk Road](#) a digital black market platform which made use of Bitcoins as payment for selling drugs and other illegal goods and which was closed down by the FBI was indicative of the darker side of the cryptocurrency, also illustrated by the [theft of 96,000 bitcoins](#) from Sheep Marketplace in December, another on-line marketplace which sprung up as an alternative to Silk Road last year.

Whether the media hype is deserved or not, and whether Bitcoin is here to stay as a real alternative to fiat currencies and the current payment infrastructure that is the monopoly of global banks, it is surely a phenomenon that is deserving of some serious academic attention. This requires some background and understanding of Bitcoin, how it is 'created' and how the payment system works.

Essentially, Bitcoin is a decentralised and unregulated cryptocurrency, said to be the brainchild of Satoshi Nakamoto. The Bitcoin project launched in 2009 and there are now 12,214,475 Bitcoins in circulation and the number of retail outlets accepting Bitcoins as payment is [steadily increasing](#).

Rather than trying to explain the intricacies here, a quick perusal of the links below should help you learn the basics.

- This set of [frequently asked questions](#) at www.bitcoin.org, where Bitcoin originated, explains the basics of Bitcoin, how it is used and how one can enter into the Bitcoin market.
- If you need to be able to explain Bitcoin to your grandmother, go no further than [here](#) where Brett Scott, one of our keynote speakers, does a very good job of doing exactly that.
- [FT Alphaville](#) also has a good introduction to Bitcoin, along with several others posts on the topic.

There are many other resources on the web devoted to Bitcoin and we have listed some of them below.

Please do join us on Wednesday, we are looking forward to a lively debate and discussion about why sociologists should or might care about Bitcoin and other alternative currencies.

See you there!

Sian, Paz, Mona & Reuben

Further Resources

[The Guardian](#) on Bitcoin.

[The FT](#) on Bitcoin.

Chatham House held an event on Bitcoin in November – links to the keynote speech and Q&A videos can be found [here](#).

Charts showing everything from total Bitcoins in circulation to the average transaction time can be found [here](#).

Information on other alternative currencies [here](#).

www.bitcoinmagazine.com

Watch the live flows of Bitcoin [here](#).

Some opinion pieces on the downsides of Bitcoin:

[Charles Stross](#) (Blog)

[Edward Hadas](#) (Reuters)

<http://krugman.blogs.nytimes.com/2013/12/28/bitcoin-is-evil/>

The Sociology Forum is a space to debate current sociological issues and research run by Sociology PhD candidates in the LSE's Department of Sociology.

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