

What's Going On With Bitcoin?

By **Alexander Baron** - Feb 27, 2015



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A short while ago, you could hardly check Google News without seeing the word Bitcoin. It was being sold to us as the greatest thing since sliced bread, if not the wheel, the answer to all our problems, a currency that was totally secure and could be used internationally without the government spying on us. Where is it today?

Recently, WordPress stopped taking Bitcoin, which cannot auger well for its future, in spite of **the assurance** that the WordPress people are *big fans* of the digital currency. At the other end of the spectrum however is a plan to allow **the world's major airlines** to accept Bitcoin, so what is going on, and what will be the future for this wonder currency?



Anonymity is one of the largest advantages of Bitcoin and other cryptocurrencies

There are certainly good things about Bitcoin: anonymity – if you think you really need it; much lower transaction charges – anything that lowers costs must be good for businesses, and ultimately for all of us. There are though two big problems: the flip side of anonymity, and instability. Because Bitcoin transactions cannot be traced, this means that to all intents and purposes, if someone hacks your account, he can steal your money, and it is gone forever. As Bitcoin exists only as a string of characters on a computer screen, losing your personal information means too that you have lost it forever. This does not happen with real money, even though that exists largely as blips in cyberspace. If you lose your bank card or even your entire details, you simply write to your bank – the local branch or head office – and after supplying your personal details and proof of ID, your account access is restored. Anyone who decides to purchase or trade in Bitcoin should always bear that in mind first and foremost.

The other problem though is the reason Bitcoin is really not suitable for most of us, that is its instability. If you pay £1 for a loaf of bread today and next week, you know where you are; you expect prices to rise over the long term, we've got used to that, but you don't expect to pay £1 today, £5 the next day, 50p the day after and £2 the day after that. Bitcoin

is not quite that volatile, but it has been and remains a vehicle for speculation, far more so than regular currencies. Until such time as Bitcoin has the same relative stability as regular money (for all its faults) it will be unsuitable for 99%+ of our regular transactions.

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