

BOOKS

JAMES DELINGPOLE
FINANCE

Bitcoin: The Future Of Money?

Dominic Frisby

Unbound £8.99 ★★★★★

You may have heard of Bitcoin, but do you know what it is? Well, it's a form of currency – like dollars, pounds, yen – except, instead of being created by central banks, anyone anywhere can make it on a computer in a complex, expensive process called 'mining'.

You keep your Bitcoins in a virtual wallet on a PC or phone, and when you buy something from someone on the internet, the money goes straight from your wallet into theirs without anyone else knowing. Hence its popularity with drug dealers on the illicit and now defunct Silk Road trading site.

So far – thanks to the genius of its creator, a mysterious programmer known as Satoshi Nakamoto – Bitcoin has proved impervious to hackers,

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meaning that, provided you can remember where your wallet is, your money is safe.

If you were lucky enough to have discovered Bitcoin early and bought in 2010 when they cost peanuts, you could have made yourself a lot of money. By 2013, their price had soared from almost nothing to more than \$1,200 per Bitcoin, leading to some extraordinary rags-to-riches stories.

A Norwegian student who had bought a few, then forgot about them, suddenly discovered his stash was valuable enough to buy himself a flat in central Oslo. Another man, who'd once used 10,000 of them to buy a pizza, realised that if he'd forgone the takeaway and held on to the Bitcoin, he could have sold them for \$12 million.

Singer Lily Allen also lost out. She claims to have been offered 100,000 Bitcoin to play a gig on the 3-D chat website Second Life. Had she accepted, and sold them at their peak, she would have made more than \$100 million.

Since then, the price of Bitcoin has crashed and some say its moment has passed. Others argue it could go as high as \$119,000 per coin. But even if you're not interested in currency speculation, this book is a must-read. Author Dominic Frisby is that most unusual thing – a stand-up comic and a financial expert – and both talents are put to brilliant use in this lively, insightful, easy-to-understand guide to an invention that may well change the world.

Most of us will never use Bitcoin, let alone make a fortune from it, but its invention and influence, Frisby argues, will have as big an impact on our lives as the internet. It will make international trading simpler and less expensive, opening up commerce to the billions of people in places such as Africa who currently don't even have a bank account. By cutting out the middlemen it will drastically reduce the power of the financial sector. Perhaps most important, though, is the effect it will have on checking the power of irresponsible government.

One of the reasons the global economy is in such a mess, he explains, is because governments have been able to exploit their monopolistic power to print money (aka 'Fiat Money'). The more they print, the less valuable the pound in our pocket becomes, and the higher the cost of living. But if virtual currencies take over (because they hold their value better and are harder for the authorities to snoop on), governments will no longer be able to spend money they don't have, meaning less waste, more democratic accountability and fewer wars. A 'libertarian Utopia', as Frisby calls it, may be within our grasp.