

## Midterm Project

### Spring 2017

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I expect a 6-8 page report addressing the following topics. Include a bibliography of sources you used.

1. **History.** Write a brief overview of Bitcoin. Include when it was started, its purpose and the current usage. Explain why it has a constant rate worldwide. Are there any businesses in Tallahassee that accept Bitcoin?
2. **Transactions.** When we exchange physical objects with another person, it is obvious what happens but when the object is digital the process is a bit more complicated. For example, if I give you a digital object and it is now yours, how do you know that I haven't made copies of the digital object and distributed them to other people. Explain how Bitcoin handles transactions by using a "public ledger". Explain why the transactions are done anonymously.
3. **Security.** Bitcoin is called a cryptocurrency which are digital currencies which implement cryptography. Explain what Wallets are in Bitcoin terminology and how they differ from Paypal. Explain how Public Keys and Private Keys are used in Wallets. Are Bitcoins secure? Have there been any thefts?
4. **Mining.** Explain the process of mining which is used to acquire Bitcoins.
5. **Your opinion.** It is entirely possible that paper money will disappear during your lifetime. Some countries, like Sweden, have already begun to do this. Explain how the process would be implemented and give the pros and cons. Do you think that countries should follow Sweden's lead and phase out paper money? Explain your reasoning. (There is a great article in the October 10th issue of the *New Yorker* entitled "Imagining a Cashless World".)