

Bitcoin Basics- 101 Questions and Answers
Eric Sammons

Excellent balance among brevity, clarity, and thoroughness in describing a technology everybody needs to understand

This has the qualities one seeks in a short introductory book. It is well-written, easy to read, and balanced. It tells the average reader what needs to be known about Bitcoin without wading into too much detail.

Eric Sammons asked me to review this title on the strength of my review of [\[\[ASIN:1250065631 The Age of Cryptocurrency \]\]](#). Both are excellent books, intended for different readerships. This book tells the reader how Bitcoin works and what makes it radically different from government-issued currencies. Without belaboring the point, Sammons outlines the shortcomings of government-issued fiat currencies. The chief one is this. They are issued via a political process, and they invariably succumb to political pressures to inflate. In time, they all fail. Every one. See [\[\[ASIN: This has the qualities one seeks in a short introductory book. It is well-written, easy to read, and balanced. It tells the average reader what needs to be known about Bitcoin without wading into too much detail.](#)

Eric Sammons asked me to review this title on the strength of my review of [\[\[ASIN:1250065631 The Age of Cryptocurrency \]\]](#). Both are excellent books, intended for different readerships. This book tells the reader how Bitcoin works and what makes it radically different from government-issued currencies. Without belaboring the point, Sammons outlines the shortcomings of government-issued fiat currencies. The chief one is this. They are issued via a political process, and they invariably succumb to political pressures to inflate. In time, they all fail. Every one. See [\[\[ASIN:0691152640 This Time Is Different: Eight Centuries of Financial Folly\]\]](#) for an historical account, and [\[\[ASIN:091298645X The Creature from Jekyll Island: A Second Look at the Federal Reserve\]\]](#) for a description of why.

The problems with government are peripheral to the main thrust of the book. Bitcoin serves two of thee three major purposes of money: a means of exchange and a store of wealth. It could serve as the third, a unit of account, but the governments who demand financial accounting don't want to be reading profit-and-loss statements denominated in Bitcoins.

Bitcoin is useful as a store of wealth only for those with strong stomachs. The value of a Bitcoin has soared from 1/5000 of a PapaJohn pizza (the first transaction) to over \$1000, and fallen back to around \$200. Governments, which depend on printing money in order to have something to spend without raising taxes, are not keen on the emergence of competitive currencies. Moreover, Bitcoin's anonymity is at odds with their objective of making all transactions visible, and hence easily taxed. There is strong evidence that government entities are suppressing the value of Bitcoin just as vigorously as they are that of another competitor, precious metals. Some try, with varying levels of success, to make Bitcoin illegal, expensive or difficult to use.

Sammons tells the reader why Bitcoin can be trusted for financial transactions, at least as much as government-issued currencies processed by credit card issuers and banks. He goes into the convenience factor – or lack thereof. A person comfortable with computers can get started cheaply and easily. Others, who are more comfortable offloading the bits and bytes to somebody else, can find those who wil make it easy. Again there is a trade-off. Most of the rip-offs in the Bitcoin sphere have been by such go-betweens. There has not yet been a failure attributable to the architecture of Bitcoin itself.

Bitcoin has several advantages. There is no need for a trusted third party such as a bank, credit card company or government. When a Bitcoin transaction completes, it is as thoroughly done as when you hand somebody a gold coin. The process is fast – measured in minutes – and cheap, measured in pennies. Bitcoin is absolutely international. There may be costs converting to and from national currencies, but there is no cost in sending Bitcoins overseas. The Internet does not recognize national boundaries.

Sammons' description of the mechanics of the blockchain technology is clear enough and at an adequate depth for the average reader. See [Age of Cryptocurrency](#) for a more thorough description, and [\[\[ASIN:0691158193 Nine Algorithms That Changed the Future: The Ingenious Ideas That Drive Today's Computers\]\]](#) for a clear description of public key cryptography, the bit of technical genius that makes Internet privacy and secrecy possible. If there is one cloud on the horizon, it is that quantum computing could theoretically develop to the point of being able to break public key cryptography. That would affect all Internet encryption, not just Bitcoin. For a discussion of the issues, Google " Bitcoin Is Not Quantum-Safe, And How We Can Fix It When Needed."

Altogether a five-star effort. It expects a bit more of the reader than a "For Dummies" book, but is equally efficient in providing the reader with a clear understanding in a short period of time. [This Time Is Different: Eight Centuries of Financial Folly](#)] for an historical account, and [\[\[ASIN:091298645X The Creature from Jekyll Island: A Second Look at the Federal Reserve\]\]](#) for a description of why.

The problems with government are peripheral to the main thrust of the book. Bitcoin serves two of the three major purposes of money: a means of exchange and a store of wealth. It could serve as the third, a unit of account, but the governments who demand financial accounting don't want to be reading profit-and-loss statements denominated in Bitcoins.

Bitcoin is useful as a store of wealth only for those with strong stomachs. The value of a Bitcoin has soared from 1/5000 of a PapaJohn pizza (the first transaction) to over \$1000, and fallen back to around \$200. Governments, which depend on printing money in order to have something to spend without raising taxes, are not keen on the emergence of competitive currencies. Moreover, Bitcoin's anonymity is at odds with their objective of making all transactions visible, and hence easily taxed. There is strong evidence that government entities are suppressing the value of Bitcoin just as vigorously as they are that of another competitor, precious metals. Some try, with varying levels of success, to make Bitcoin illegal, expensive or difficult to use.

Sammons tells the reader why Bitcoin can be trusted for financial transactions, at least as much as government-issued currencies processed by credit card issuers and banks. He goes into the convenience factor – or lack thereof. A person comfortable with computers can get started cheaply and easily. Others, who are more comfortable offloading the bits and bytes to somebody else, can find those who will make it easy. Again there is a trade-off. Most of the rip-offs in the Bitcoin sphere have been by such go-betweens. There has not yet been a failure attributable to the architecture of Bitcoin itself.

Sammons' description of the mechanics of the blockchain technology is clear enough and at an adequate depth for the average reader. See [Age of Cryptocurrency](#) for a more thorough description, and [\[\[ASIN:0691158193 Nine Algorithms That Changed the Future: The Ingenious Ideas That Drive Today's Computers\]\]](#) for a clear description of public key cryptography, the bit of technical genius that makes Internet privacy and secrecy possible. If there is one cloud on the horizon, it is that quantum computing could theoretically develop to the point of being able to break public key cryptography. That would affect all Internet encryption, not just Bitcoin. For a discussion of the issues, Google "[Bitcoin Is Not Quantum-Safe, And How We Can Fix It When Needed.](#)"

Altogether a five-star effort. It expects a bit more of the reader than a "For Dummies" book, but is equally efficient in providing the reader with a clear understanding in a short period of time.