Reading Questions for Thursday, March 7, 2019

We ask you to submit comments on the following papers by midnight Wednesday March 6:

- Monopoly without a Monopolist: An Economic Analysis of the Bitcoin Payment System.

- From Mining to Markets: The Evolution of Bitcoin Transaction Fees.

Your comments should include both answers to the specific reading questions and generic response about the papers. You are welcome to include any questions you have about the papers in your comments. After submitting your own comments, you'll be able to see others' submitted comments. You can comment on others' submissions and answer raised questions on Canvas. Discussion on Canvas is strongly encouraged.

1   Reading Questions

1. "Monopoly without a Monopolist: An Economic Analysis of the Bitcoin Payment System" compares the Bitcoin payment system (BPS) to the traditional payment system. In which case would welfare be higher under the BPS than a traditional firm? When would it be lower?

2. "From Mining to Markets: The Evolution of the Bitcoin Transaction Fees" proposes a model to explain the emergence of transaction fees. According to this model, what would happen to the number of miners and the level of mining difficulty as the block reward S decreases? What do their empirical results suggest would happen to transaction fees with a decrease in S?

2   Generic Response

Respond to the papers following the guidelines in the course syllabus (under "Submit Comments and Presenting Papers").