



English Learning for Curious Minds



**Member-only content
Transcript & Key Vocabulary**

Thank you - your ongoing membership makes Leonardo English possible.
If you have questions we'd love to hear from you: hi@leonardoenglish.com

Episode #122

Bitcoin

8th Jan, 2021

[00:00:00] Hello, hello hello, and welcome to English Learning for Curious Minds, by Leonardo English.

[00:00:12] The show where you can listen to fascinating stories, and learn weird and wonderful things about the world at the same time as improving your English.

[00:00:22] I'm Alastair Budge and today we are going to be talking about Bitcoin, the most famous [cryptocurrency](#)¹ in the world.

[00:00:31] We're going to explain what it is, how exactly it works, why some people think it is the future of money and others think it is a giant [bubble](#)².

[00:00:43] I'm really excited about today's one, and I hope you will enjoy it.

[00:00:48] Before we get right into that though, let me quickly remind you that you can get all of the bonus episodes, plus the subtitles, that transcript and the key vocabulary

¹ a digital currency in which transactions are verified and records maintained by a decentralised system

² a situation in which the price of something increases very quickly, and people believe the price will reduce again quickly



Bitcoin

for this episode and all of our other ones over on the website, which is Leonardoenglish.com.

[00:01:04] This is also where you can check out becoming a member of Leonardo English and join a community of curious minds from all over the world, doing meetups, exchanging ideas, and generally improving their English in a more interesting way.

[00:01:19] So if that is of interest, and I can't see a reason why it wouldn't be, then the place to go to is Leonardoenglish.com

[00:01:29] OK then, Bitcoin.

[00:01:32] I guess I should probably start this episode by saying that this is not some kind of financial [promotion](#)³.

[00:01:39] All we are going to try to do is understand a little bit more about this type of money that has come to [dominate](#)⁴ the [news cycle](#)⁵.

[00:01:49] Before we jump right into the question of what Bitcoin is, it's helpful to start by talking a little bit about money.

[00:01:58] So, what is money?

³ advertisement

⁴ to fill

⁵ news coverage



Bitcoin

[00:02:01] Money is a [store⁶](#) of value, and this money can be exchanged for stuff.

[00:02:09] The company you work for pays you money because you do valuable work for them, you pay someone else money because they might do something that you consider valuable like serve you a coffee or sell you a newspaper or make podcasts for you.

[00:02:26] That's the basic idea of how money works.

[00:02:31] Throughout history, different things were used to represent money.

[00:02:36] Different societies used different ways of representing it, from shells, to silver, and of course, gold.

[00:02:46] But using physical objects, especially metal like gold, wasn't a very good way of storing or exchanging value.

[00:03:31] It's heavy, it's not easy to transport, and it's just not very practical to be used as a [medium of exchange⁷](#).

[00:03:06] So, the paper [banknote⁸](#) was invented.

⁶ a place where you keep things to be used later

⁷ something that can be exchanged for goods or services

⁸ a piece of printed paper used as money



Bitcoin

[00:03:10] The idea here was that you could store your gold in a bank, and the bank would give a note that you could pass to other people in exchange for goods or services.

[00:03:23] Technically, you could go to the bank and get the gold, but if you just wanted to do things like buy food, there was no need to, because you knew that you could give that note to someone else in exchange for more stuff, you didn't need to go and get the gold from the bank.

[00:03:43] The whole system worked because people knew that the gold did exist in the bank, they could go and get it if they wanted.

[00:03:52] But from 1971, paper money was no longer linked to gold, and instead, the government effectively guaranteed the value of your paper money.

[00:04:05] There was nothing physical behind the paper money, you just had to trust that the paper money would keep its value in the future.

[00:04:15] The world had essentially [transitioned](#)⁹ to a system where money was controlled by the central government.

⁹ moved



Bitcoin

[00:04:21] Your paper money doesn't have any [intrinsic¹⁰](#) value, its only value is because you know that everyone else agrees that it's valuable, and the whole system works like that.

[00:04:35] The advantage of this system for a government is that, because there is nothing behind the paper money, it's easy to create more of it, to add more money to the economy and pay for stuff.

[00:04:49] Although printing money sounds nice in principle, the more money that exists in a financial system, the less value each unit of money actually has.

[00:05:03] When prices rise due to [inflation¹¹](#), this isn't because prices naturally rise, it's because there is more money in the system, so each bit of money that we have in the system is worth less and less every year.

[00:05:20] And there are plenty of [instances¹²](#) throughout history of governments printing too much money too quickly, there being more and more money in the financial system so that each unit of money is worth less, and the situation quickly [spirals out of control¹³](#).

¹⁰ in itself, as part of itself

¹¹ a continuing increase in price

¹² examples

¹³ moves in an uncontrollable way



Bitcoin

[00:05:39] The obvious examples one would point at would be things like Germany in the 1920s, Zimbabwe in the 2000s, or Venezuela in more recent years.

[00:05:50] But even in the UK in 1975 inflation was at 25%, meaning that your money would be worth 25% less in 12 months time.

[00:06:03] But this episode isn't just about money, the point is that governments control the supply of money, and people have to trust the government to do the right thing.

[00:06:14] And governments don't always have a great [track record](#)¹⁴ at doing this.

[00:06:19] But it's not just the government that you have to trust.

[00:06:23] You also have to trust the banks.

[00:06:25] The [implicit](#)¹⁵ deal that you make, when you put money in a bank, is that the bank will keep it safe, and it will allow you to make payments with it.

[00:06:36] And again, banks don't have a fantastic [track record](#) at keeping your money safe.

[00:06:42] So banks control your money on a daily basis, while the government controls the total amount of money in the system.

¹⁴ history (of achievements)

¹⁵ understood but not explicitly agreed



Bitcoin

[00:06:52] If you use Euros, dollars, or any other what's called a 'fiat' currency, a currency that isn't [backed](#)¹⁶ by anything like gold, you rely on this combination of the government and banks to keep everything [ticking over](#)¹⁷.

[00:07:09] But from [financial crashes](#)¹⁸ to [fraud](#)¹⁹ to [mismanagement](#)²⁰, neither governments nor banks have that great a history at doing the right thing.

[00:07:21] So, this is the [back story](#)²¹, a little very quick intro to the complicated world of financial systems that all rely on one thing: trust.

[00:07:33] Just over 10 years ago a new idea [emerged](#)²² about how money could work that proposed a [radically](#)²³ different way of thinking about the issue of trust.

[00:07:47] In 2009, someone with the [pseudonym](#)²⁴ of Satoshi Nakamoto published a [white paper](#)²⁵, a document, introducing this new idea, a new type of money that didn't

¹⁶ supported

¹⁷ working in an expected way

¹⁸ collapses in the financial system

¹⁹ the crime of tricking people in order to steal something from them

²⁰ bad management

²¹ things that happened in a story before the main story takes place

²² appeared

²³ extremely

²⁴ a name someone uses instead of their real name

²⁵ a document



Bitcoin

require any banks or governments, that could be sent by anyone in the world to anyone else in the world, that aimed to solve a lot of the problems that exist with modern money.

[00:08:14] The name of the invention was Bitcoin.

[00:08:18] Bitcoin works on a few [principles](#)²⁶.

[00:08:21] Firstly, there is no physical bitcoin.

[00:08:24] It's a [cryptocurrency](#), so it only exists as computer code.

[00:08:30] It's what's called 'open source', so anyone can see the computer code that controls it. Nobody 'owns' the bitcoin network, anyone who owns a bitcoin owns part of it, but there isn't a central system, it's what's called [decentralised](#)²⁷.

[00:08:48] If you own bitcoin, you store it in a bitcoin wallet, which is a piece of software on your computer or mobile phone and contains a unique set of numbers and letters.

[00:09:03] That's your bitcoin wallet's address, and in there is your bitcoin.

[00:09:09] When it comes to making a payment in bitcoin, a [crucial](#)²⁸ difference here versus normal money is that you don't need any kind of bank to make the transfer.

²⁶ basic ideas and rules that explain how something works

²⁷ not controlled by one central authority

²⁸ very important



Bitcoin

[00:09:21] With a normal transfer or payment in Euros or dollars, your money goes through all sorts of different [providers](#)²⁹ and banks before it actually reaches the other person.

[00:09:34] With Bitcoin, it goes straight from your bitcoin wallet to their bitcoin wallet, and the information about this transaction is added to a public record of every bitcoin transaction that has ever been made.

[00:09:50] This is called the [blockchain](#)³⁰.

[00:09:51] This chain is basically like a huge record of who has paid what, to whom, when.

[00:10:01] Unlike with a bank, it isn't kept locked up in some large building, it exists on thousands of different computers all over the world, and is public, anyone can see it.

[00:10:15] Whenever a new bitcoin transaction is made, one of the computers in the network will [verify](#)³¹ that transaction and then add it to the public record.

[00:10:27] When it's added to the record, other computers will check that the record is still the same, that no changes have been made, and then it is added.

²⁹ companies that provide services

³⁰ a system in which a record of transactions made in bitcoin or another cryptocurrency are maintained across several computers that are linked in a peer-to-peer network

³¹ prove that something exists and/or is correct



Bitcoin

[00:10:38] You can't see who actually owns each bitcoin, but you can see the bitcoin address of who sent it and who received it.

[00:10:49] The advantage of everything being public and unable to be changed is that you can't ever have a situation where a payment is made twice, or money is taken from your account without your permission.

[00:11:04] Similarly, you can't wake up and find that a bank has taken your money, because the bank doesn't control the account, you do.

[00:11:14] So, although many people might feel very strange about having money in a computer, money that they can't feel or touch, and with no bank that they can go to, no nice person they can phone up and certainly no [statements](#)³² coming through their [letterbox](#)³³ every month, bitcoin's [advocates](#)³⁴ propose it as a much safer, more secure way to store money, to store value.

[00:11:43] The final, perhaps most important reason that Bitcoin has so many fans is because there are only a fixed number of bitcoins that can ever be produced.

[00:11:56] Specifically, there are only 21 million bitcoins that can ever exist.

[00:12:02] If you remember the start of the episode when I mentioned [inflation](#) and governments printing money, the reason that having a fixed number of bitcoins is

³² a (bank) statement is a document from your bank with transactions on it

³³ the hole in a door through which letters are posted

³⁴ people who publicly support an idea



Bitcoin

important is because bitcoin can't be affected by [inflation](#) in the same way as [fiat currency](#)³⁵.

[00:12:22] [Inflation](#) only exists when new money is added to the supply, and because the supply of bitcoins that will ever exist is fixed, this can't happen.

[00:12:36] But then you're probably thinking, hang on, I've seen stuff in the news about the bitcoin price [shooting up](#)³⁶ or coming crashing down, what's that all about?

[00:12:48] Indeed, the price of bitcoin, in US Dollars or Euros, is very [volatile](#)³⁷.

[00:12:55] It goes up and down a lot.

[00:12:58] There's almost no point me saying what the price is at the moment because no doubt by the time you listen to this it'll be very different, and it doesn't really matter what the price is for the [purposes](#)³⁸ of this explanation.

[00:13:13] The price of Bitcoin is driven, like anything else, by supply and demand; if there are lots of people who want to buy Bitcoin, the price goes up and when more people want to sell, the price goes down.

³⁵ government-issued currency not supported by a commodity such as gold

³⁶ increasing quickly

³⁷ changing frequently

³⁸ the purpose of something is why it is done



Bitcoin

[00:13:28] Because the total value of all the Bitcoin in the world is very small compared to other currencies, when there is a change in demand for buying or selling, this can have a big impact on the price, it can move significantly.

[00:13:45] And because the price changes frequently, there are a lot more people [speculating](#)³⁹ on Bitcoin, which has the effect of making it even more [volatile](#).

[00:13:56] And you will, no doubt have seen that the price rises and falls a lot.

[00:14:02] Indeed in 2020, it went up by 269%, but after shooting up by more than 20 times in 2017, it came crashing down to less than 20% of its value shortly after.

[00:14:20] And this is one of the big [criticisms](#)⁴⁰ of bitcoin. It's been called a [bubble](#), a [scam](#)⁴¹, a [fraud](#), and something that can never be used as a true form of money.

[00:14:35] To actually make [transactions](#)⁴² with, to buy and sell things with, the fact that its price in US dollars or Euros changes so quickly makes it very hard to use as a way of buying and selling stuff.

[00:14:51] To give you a working example, if you are a pizza restaurant that accepts payment in bitcoin, I might call up and ask for two pizzas.

³⁹ buying or selling because you believe that the price will rise or fall

⁴⁰ negative comments about someone or something

⁴¹ an illegal plan to make money

⁴² when you buy or sell something



Bitcoin

[00:15:01] The price would be set in bitcoin, which would be based on how much these pizzas would cost in euros.

[00:15:08] Let's say the value of these pizzas was €20 in normal, fiat money, but I had placed the order for a fixed price in bitcoin.

[00:15:19] What if suddenly the bitcoin price changed, if the bitcoin price went up 10 times?

[00:15:26] I would still need to give you the same amount of bitcoin, but instead of it costing me the equivalent of €20 to buy those pizzas it would cost me €200, so I would probably feel a little bit silly.

[00:15:42] This isn't just a [theoretical](#)⁴³ situation, and the reason I used the example of two pizzas was because the first things that were ever bought with bitcoin were, two pizzas.

[00:15:56] A man on an internet [forum](#)⁴⁴ offered someone 10,000 bitcoin to deliver him two pizzas.

[00:16:03] These 10,000 bitcoins were at the time worth around \$42, but would be worth, at the time of recording this podcast, almost \$200,000 dollars.

⁴³ based on ideas, not real life

⁴⁴ a place on the internet where people discuss ideas



Bitcoin

[00:16:16] Evidently, the fact that the bitcoin price moves up and down so much means that it's not yet [practical](#)⁴⁵ to be used to buy and sell anything at any date in the future - it's only ever sort of practical to make purchases right now.

[00:16:35] So that's why you might see places like Starbucks accepting bitcoin, but it's not so common to see houses for sale in bitcoin.

[00:16:45] While some governments are [embracing](#)⁴⁶ [cryptocurrencies](#)⁴⁷ like Bitcoin, saying that they will be the future of money, others are trying to [clamp down](#)⁴⁸ on them.

[00:16:55] Being in control of the money supply is a very important thing for any government, which means you can put money into the economy in the short term, for example if there's a [devastating](#)⁴⁹ pandemic and you need to [stimulate](#)⁵⁰ the economy.

⁴⁵ able to be used in real life

⁴⁶ accepting enthusiastically

⁴⁷ a digital currency in which transactions are verified and records maintained by a decentralised system

⁴⁸ to take action against something

⁴⁹ causing large amounts of damage

⁵⁰ encourage something to grow



Bitcoin

[00:17:10] If everyone in a country uses a currency that isn't controlled by that country's government, then the government can't print money, it can't easily raise money to pay for things, and that has got a lot of countries' governments very scared.

[00:17:27] And the country that is perhaps the most scared of Bitcoin?

[00:17:32] The United States.

[00:17:33] The US is particularly afraid of what Bitcoin could become because the US has the world's [reserve currency](#)⁵¹, the dollar.

[00:17:43] [The Federal Reserve](#)⁵² controls the supply of the US dollar, and it just adds and adds to it every month, so there is more money for the US government to spend.

[00:17:54] It seems like magic, and it is a super useful [tool](#)⁵³ for governments to be able to use.

[00:18:00] But if everyone used Bitcoin, this magical [tool](#) in a government's [toolbox](#)⁵⁴ just [vanishes](#)⁵⁵.

⁵¹ a currency held by governments because it is strong and useful to make international payments

⁵² The central bank of the US

⁵³ something that can be used (to do a particular job)

⁵⁴ (figurative) options available (to do different things)

⁵⁵ disappears



Bitcoin

[00:18:09] There are all sorts of other reasons that some people love bitcoin, and other people hate it, and unfortunately we don't have time to go into detail on each and every one today.

[00:18:21] But, to [recap](#)⁵⁶, for the [die-hard](#)⁵⁷ [proponents](#)⁵⁸ of bitcoin, the people who [vehemently](#)⁵⁹ believe it will be the money of the future, the key reasons are:

[00:18:32] Firstly, that it means you are in control of your money, not a government or a bank, it can't just be taken away.

[00:18:41] Secondly, that it is truly [borderless](#)⁶⁰, that you can send it to anyone, anytime, without having to worry about currency exchanges or limits on where and when you can transfer money.

[00:18:55] And finally that it can't be [devalued](#)⁶¹ in the same way that [fiat currency](#) can, that it will hold its value.

[00:19:04] And for those that think it's a huge [scam](#) and should be stopped, the main reasons are:

⁵⁶ repeat

⁵⁷ strongly believing

⁵⁸ people who publicly support an idea

⁵⁹ extremely

⁶⁰ without borders

⁶¹ if someone is devalued, its value is reduced



Bitcoin

[00:19:11] Firstly, that it has a [troubled](#)⁶² relationship with [criminality](#)⁶³.

[00:19:16] Because bitcoin is [anonymous](#)⁶⁴, and because it is easy to send to anywhere in the world at the click of a button it has been [associated](#)⁶⁵ with transactions involving drugs, weapons, terrorism and all sorts of very nasty things.

[00:19:35] Secondly, because the price is so [volatile](#) the argument goes that it cannot ever be used as a true [medium of exchange](#).

[00:19:45] For a currency to be useful as a way of buying and selling stuff that currency's value has to be relatively [stable](#)⁶⁶, and bitcoin's value is far from it.

[00:19:59] And thirdly, the ability to control the money supply is a hugely valuable thing for a government to be able to do. With bitcoin, it can't do it and that's scary.

[00:20:13] There is one thing that I'm sure both sides can agree on though.

[00:20:17] That the first two pizzas to ever be bought in bitcoin were probably the most expensive pizzas in the history of pizza delivery.

⁶² if someone is devalued, its value is reduced

⁶³ illegal activities, crime

⁶⁴ done by someone whose name is not known

⁶⁵ connected

⁶⁶ fixed, unlikely to change



Bitcoin

[00:20:26] And the worst thing about that? I've seen a picture of them and they don't even look very nice.

[00:20:34] Ok then, that is it for the weird and wonderful world of bitcoin.

[00:20:40] It is very complicated, and we have only [scratched the surface](#)⁶⁷.

[00:20:44] But I hope that this has helped explain a bit about it, and some of the main reasons that some people love it and others hate it.

[00:20:54] At least now, when you see someone [waxing lyrical](#)⁶⁸ on the news, when you see someone telling you why it's the future, or you see someone else telling you that it is a massive [fraud](#), then you'll have a bit more of an idea about what they're talking about.

[00:21:10] And as a final reminder, if you are looking to improve your English in a more interesting way, to join a community of curious minds from all over the world, to unlock the transcripts, the subtitles and key vocabulary, then the place to go to is Leonardoenglish.com.

[00:21:29] You've been listening to English Learning for Curious Minds, by Leonardo English.

[00:21:34] I'm Alastair Budge, you stay safe and I'll catch you in the next episode.

⁶⁷ deal with a small part of a subject or idea

⁶⁸ talking about in a very excited way



[END OF EPISODE]

Key vocabulary

Word	Definition
Cryptocurrency	a digital currency in which transactions are verified and records maintained by a decentralised system
Bubble	a situation in which the price of something increases very quickly, and people believe the price will reduce again quickly
Teamed up	formed a partnership with
Assess	judge, examine
Promotion	advertisement
Dominate	to fill
News cycle	news coverage
Store	a place where you keep things to be used later
Medium of exchange	something that can be exchanged for goods or services
Banknote	a piece of printed paper used as money



Bitcoin

Transitioned	moved
Intrinsic	in itself, as part of itself
Inflation	a continuing increase in price
Instances	examples
Spirals out of control	moves in an uncontrollable way
Track record	history (of achievements)
Implicit	understood but not explicitly agreed
Backed	supported
Ticking over	working in an expected way
Financial crashes	collapses in the financial system
Fraud	the crime of tricking people in order to steal something from them
Mismanagement	bad management
Back story	things that happened in a story before the main story takes place
Emerged	appeared
Radically	extremely



Bitcoin

Pseudonym	a name someone uses instead of their real name
White paper	a document
Principles	basic ideas and rules that explain how something works
Decentralised	not controlled by one central authority
Crucial	very important
Providers	companies that provide services
Blockchain	a system in which a record of transactions made in bitcoin or another cryptocurrency are maintained across several computers that are linked in a peer-to-peer network
Verify	prove that something exists and/or is correct
Statements	a (bank) statement is a document from your bank with transactions on it
Letterbox	the hole in a door through which letters are posted
Advocates	people who publicly support an idea
Fiat currency	government-issued currency not supported by a commodity such as gold
Shooting up	increasing quickly
Volatile	changing frequently



Bitcoin

Purposes	the purpose of something is why it is done
Speculating	buying or selling because you believe that the price will rise or fall
Criticisms	negative comments about someone or something
Scam	an illegal plan to make money
Transactions	when you buy or sell something
Theoretical	based on ideas, not real life
Forum	a place on the internet where people discuss ideas
Practical	able to be used in real life
Embracing	accepting enthusiastically
Cryptocurrencies	a digital currency in which transactions are verified and records maintained by a decentralised system
Clamp down	to take action against something
Devastating	causing large amounts of damage
Stimulate	encourage something to grow
Reserve currency	a currency held by governments because it is strong and useful to make international payments



Bitcoin

The Federal Reserve	The central bank of the US
Tool	something that can be used (to do a particular job)
Toolbox	(figurative) options available (to do different things)
Vanishes	disappears
Recap	repeat
Die-hard	strongly believing
Proponents	people who publicly support an idea
Vehemently	extremely
Borderless	without borders
Devalued	if someone is devalued, its value is reduced
Troubled	difficult
Criminality	illegal activities, crime
Anonymous	done by someone whose name is not known
Associated	connected
Stable	fixed, unlikely to change



Bitcoin

Scratched the surface deal with a small part of a subject or idea

Waxing lyrical talking about in a very excited way

We'd love to get your feedback on this podcast.

What did you like? What could we do better?

What did you struggle to understand?

Let us know in the forum community.leonardoenglish.com

