

# Bitcoin

Upper-Intermediate level

# Task 1 - Warm-up

## Answer the questions.

1. What do you see in this picture?
2. What does this symbol refer to?
3. What have you heard of bitcoin?
4. Have you ever bought it? Why?/Why not?
5. Do you know successful stories of dealing with bitcoin?
6. Do you agree that the future is for bitcoin?



# Task 2 - Watching a video

**Watch the video and choose True or False:**

1. Bitcoin is the biggest bubble in history.
2. Bitcoin is a very stable cryptocurrency.
3. Prices for tulips in the Netherlands were driven by accurate economic forecast and analysis.
4. Bitcoin penetrates all spheres of society, even charity activity.
5. Bitcoin can't be compared with segments of a real economy.
6. You should buy cryptocurrency only if you are not afraid of running the risk with your money.
7. Bitcoin is likely to influence the world economy in future.



# Task 3 - Speaking

## Answer the questions

1. Do you agree that bitcoin is a huge bubble or it is likely to influence the world economy?
2. What have you heard of tulip fever in the Netherlands?
3. Do you agree that you can invest only “extra” money in bitcoin in order not to go bankrupt?
4. Does it resemble MMM in Russia?
5. Has this video made you get more interested in bitcoin or you have a pessimistic viewpoint as for its future?



# Task 4 - First years of Bitcoin

## Read the article. What new did you learn about Bitcoin?

The popularization of Bitcoin occurred in 2010. First, in March, Nvidia released a CUDA client for the Windows operating system, and by September enthusiasts had released the first Open CL-based mining program.

The price of Bitcoin instantly rises to a record 17 cents and then drops to 6 cents amid rumours of interference with network microtransactions. The first bitcoin correction was 63% and lasted 23 days.

After making changes to the code, in November, two new records were set: a \$1 million bitcoin capitalization and a 50 cents coin price.

In June 2011, the price of Bitcoin reached \$32, after which it fell sharply to \$2 in five months — that is, by 94 percent.

Many investors did not know what to expect from the crypto industry, so they decided to limit losses and withdraw completely from the game. Of course, these people now bite their elbows because they did not wait for the correction. Now they'd be multimillionaires.

TIME recognition and Mt.Gox fall

The popularization of Bitcoin, availability of programs for mining resulted in increased difficulty of coin mining. In literally three months, the network's hash rate increased twentyfold, to 400–500 Ghash. Miners began to unite in pools, and the cost of the first cryptocurrency did not lag behind the difficulty of the network. On February 10, 2011, the price of the coin on the Mt.Gox exchange exceeded the mark of \$1.

In April 2011, the official magazines Time and Forbes publish about Bitcoin. The rush around the coin is going off the charts. Dozens of exchanges are opening, bitcoins can be exchanged for pounds, rial and zloty. Mt.Gox is back in the lead. By early June, the price is over \$10, and on June 7 it rises up to \$31.9! Big money on the Internet, as well as in the real world, attracted the attention of hackers and dirty dealers. On June 13, 2011, the user allinvain reported the theft of 25000 bitcoins (the equivalent of \$400 thousand at that time) from his wallet. A few more days later, the reputation of Bitcoin was seriously hit. The Mt.Gox exchange's database of accounts was hacked, the data of 65000 users were stolen, tens of thousands of fake coins were sent to the accounts on behalf of the administration. The price of cryptocurrency collapsed to almost one cent, trading was suspended. And at that time tens of thousands of real bitcoins were stolen from MyBitcoin accounts.

During the next one and a half years, until February 2013, Bitcoin was unable to recover its lost positions. The community, of course, did not accept the situation. Bitcoin conferences in the U.S. and Europe, the release of mobile applications, work on secure storage of cryptocurrency, a huge amount of work, but ... Events with MtGox scared away investors and put aside the economic development of Bitcoin for several years. Bitcoin correction reached 93% and only on February 28, 2013, after 600 days, the price returned to thirty dollars per coin.  
China joins the game

At the end of 2013, the price was close to 1200 dollars — modest by today's standards, but a lot at that time. In previous weeks, the market was encouraged by the US Senate hearings, which concluded that Bitcoin had great potential. Even China's central bank cautiously approved.

But it didn't last long. China soon concluded that Bitcoin was not a currency and began imposing restrictions. The bear market only exacerbated the crushing collapse of the Mt. Gox exchange that followed soon in 2014, when about 7 percent of all Bitcoins in circulation disappeared. At that time, those bitcoins were worth an incredible 473 million dollars. The crisis of confidence was also exacerbated by various DDoS attacks.

The first warning signs appeared on November 19, 2013, when the price fell one and a half times in a day, from \$755 to \$453. Although it rose soon afterwards, there were signs of a collapse at the end of the month, which eventually lasted over a year.

By the end of the correction in January 2015, the price had dropped to a mere 150 dollars, and the consequences were felt for more than a year. In a total of 411 days, the price had collapsed by 87 percents.

During 2017, Bitcoin grew by an astounding 1950 percent, from \$974 to \$20,000. At that time, some commentators warned that the bubble was about to burst. However, supporters of cryptocurrency argue that volatility can be good for Bitcoin. And many of them believe that the largest coin will soon repeat the glorious days of late 2017. 2018 was a terrible year for Bitcoin: the price fell from a historical high by 83 percent. It's worse than the NASDAQ collapse of the dotcom bubble. The collapse also had catastrophic consequences for many digital currencies, which became useless.

Based on [Bitcoin ups and downs throughout its history](#).

# Task 5 - Post reading activities

## A. **Read the text again and answer the following questions:**

1. What was the bitcoin price at the start of its circulation?
2. Why did investors withdraw completely from this game with bitcoin?
3. How did coin miners behave at the market?
4. Why was bitcoin's reputation hit in 2011?
5. What events influenced stabilization of bitcoin in 2013?
6. How did bitcoin price change within 2017-2018?

## **B. Mark the sentences True or False**

1. The bitcoin price was stable since its appearance.
2. Investors supported bitcoin despite its fluctuation.
3. Coin miners decided to combine their efforts to back bitcoin.
4. Bitcoin system was perfectly protected from being hacked into.
5. Investors got positive signal from the US and China that made bitcoin rise.
6. Bitcoin price is impossible to predict as it is the biggest financial bubble of all times.

# Task 6 - Speaking

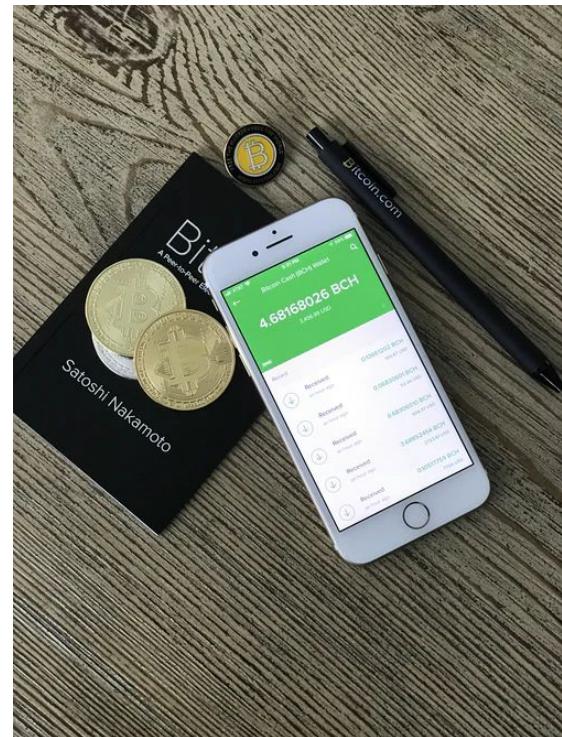
## Discuss the questions.

1. What do you think about the potential of bitcoin?
2. How can you explain volatility of bitcoin judging by information presented in the article?
3. Is bitcoin likely to blow up as any financial bubble?
4. Would it be interesting for you to run the risk and buy bitcoin currency?
5. Will cryptocurrency replace national currencies in the future?
6. Who would be responsible if the world economy was affected by cryptocurrency?



# Task 7 - Project work

**Imagine that you have received some hundreds of bitcoin as a present, but the condition is that you have to spend them within a week. Would you write down ideas what you are going to spend them for.**



# Keys

## Task 2

1.T, 2.F, 3.F, 4.T, 5.F, 6.T, 7.T

## Task 5a

1. The price was unstable and fluctuated from 6 to 17 cents.
2. In June 2011, the price of Bitcoin reached \$32, after which it fell sharply to \$2 in five months – that is, by 94 percent and it made investors withdraw.
3. Miners began to unite in pools, and the cost of the first cryptocurrency did not lag behind.
4. Because of hackers and dirty dealers activity that affected bitcoin secure storage.
5. The market was encouraged by the US Senate hearings, which concluded that Bitcoin had great potential. Even China's central bank cautiously approved.
6. During 2017, Bitcoin grew by an astounding 1950 percent, from \$974 to \$20,000. 2018 was a terrible year for Bitcoin: the price fell from a historical high by 83 percent.

## Task 5b

1.F; 2.F; 3.T; 4.F; 5.T; 6.T