

# Gresham's Law 2.1

The monetary principle, *bad money drives out good*, was christened Gresham's Law in 1857, in honor of Sir Thomas Gresham (1519-1579). Bad money referred then to debased coins with their precious metal partially clipped or scraped, debased but nonetheless used in circulation in preference to good money which was hoarded. The monetary dynamics of this phenomenon have been of interest to economists for some time, but it has also attracted interest from many areas of social study.<sup>1</sup> Perhaps most recently, the Internet.

*Something exceptionally grim is happening on the Internet.*

*Call it Gresham's Law 2.0: bad content drives out good.*

James Grimmelmann<sup>2</sup>

There is yet a more insidious effect.

In the social context of the Internet, what things like words and images mean is *learned*; they are *signs* that *represent* something else, unique to each individual.<sup>3</sup> The content of the sign or message is superficial, what matters to the reader is how the content is perceived and what it represents. Propagandists, marketers, populists have intuitively known this forever; *In context C, I show you X because I know it then means Y to you*. The science of persuasion provides an algorithmic basis for social platforms to target individual belief systems.

*Gresham's Law 2.1: bad context drives out good content*<sup>4</sup>

Large language models and AI systems have made conversational computing a reality.<sup>5</sup> Being in conversation provides the means for algorithms to learn how individuals make sense of content and opens the flood gates to deception with context shifting. As society becomes aware of this, there is increasing reason to mistrust all messages. Perhaps Gresham's Law has yet more light to shed on the social-psychology of how such deception may be detected.

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<sup>1</sup> Emblemsvåg, M.S. and Emblemsvåg, J. (2023). Developing a generic model of Gresham's law for qualitative analyses. *International Journal of General Systems*, 52:2, 113-130.

<sup>2</sup> Posted 06-Mar-2024, <https://mastodon.lawprofs.org/@jtlg/112052299948819084>

<sup>3</sup> Semiotics is the study of sign processes and the communication of meaning.

<sup>4</sup> It is worth noting, passing judgement on representation (belief) as good or bad can be very misleading, obscuring the underlying reality.

<sup>5</sup> Yuval Harari as quoted in *The Economist* Apr 28<sup>th</sup>, 2023: "AI has gained some remarkable abilities to manipulate and generate language ... AI has thereby hacked the operating system of our civilization."