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Gresham's Law 2.1 – *two sides of the coin*

The monetary principle, *bad money drives out good money,* was christened Gresham's Law in 1857, in honor of Sir Thomas Gresham (1519-1579).[1] 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;[2] investment risk,[3] and perhaps most recently, the Internet and AI where there are yet more insidious effects.

> *Something exceptionally grim is happening on the Internet. Call it Gresham's Law 2.0: bad content drives out good.*
> James Grimmelmann [4]

In this quote Grimmelmann is referring to content on the Internet that is bad or otherwise harmful, yet available and in use alongside content that is trustworthy or otherwise helpful. Insightfully, he does not detail what means 'content'. Bad drives out good, but how are good and bad related? Here, we take a semiotic perspective, from which coins can be seen to have two separate and very different sides.[5]

Side 1 – Individual Choice

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.[6] The content of the sign is superficial, what matters to the receiver is how the content is perceived and what it means- what it represents, be that a thought, a feeling or some physical response. A bad and good version of something have different meanings, implying a choice is to be made.[7]

> *All of human activity involves choice: doing this rather than doing that. Semiotic activity involves semiotic choice: meaning this rather than meaning that.*

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[1] Dutu, R., Nosal, E. and Rochetea, G. (2005). The Tale of Gresham's Law. *Economic Commentary*, Federal Reserve Bank of Cleveland, October 1.
[2] 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.
[3] Gresham's Law of Risk: those who don't see a risk in the market will drive those who do. Ingram, D. (2010). The Law of Risk and Light. *Risk Management*, March, 7-10.
[4] Posted 06-Mar-2024, https://mastodon.lawprofs.org/@jtlg/112052299948819084
[5] We also attempt an agnostic stance on representation as not to obscure the underlying reality.
[6] Semiotics is the study of sign processes and the communication of meaning. Semiosis is how signs are used; any activity, conduct, or process that involves signs, including the production of meaning.
[7] Kull, K. (2018). Choosing and learning: semiosis means choice. *Sign Systems Studies* 46(4), 452–466

M.A.K. Halliday[8]

With Halliday's insight, Gresham's Law can be recast in the following example. Assume two fiat (by law) silver coins in the 17th century, A and B, are close in appearance but B is an obvious forgery with less silver. Despite the debasement, B is being used in local commerce. To an individual consumer, coin A offered in the local market for bread is a context with a well-known pattern. Coin B in the market is a poorer pattern match due to fewer personal experiences and the odd refusal of vendors to accept coin B. To our consumer, coins represent family security, so they choose to keep coin A for future needs; family security means more than cheaper bread.

Side 2 – Social Response

Man proposes, society disposes.[9]

A subtle but significant element of the A/B coin example above is the vendor response, refusal in this case. It is the collective response of the broader social environment to individual choices between coins that determines whether a coin is good or bad in a local market.[10]

Returning to Grimmelmann's quotation above, we have an alternative (side 2) interpretation of why (we believe) *bad content* is growing. Large language models and AI systems have made conversational computing a reality.[11] Being in conversation provides the means for algorithms to learn how individuals make sense of content, what it means, and opens the flood gates to deception. As society becomes aware of this, there is increasing reason to mistrust all messages, and normalize all content as bad.

The day of euphemisms is over. Now we hear total untruths. So there's no way to really crack the code except to suspect that the intent was to deceive.
Kurt Vonnegut[12]

[8] Halliday, M.A.K. (2013). Meaning as choice. In, Fontaine L, Bartlett T, O'Grady G, eds. *Systemic Functional Linguistics: Exploring Choice*. Cambridge University Press.
[9] Misquoting the name of the painting by Sir Edwin Henry Landseer (1864) inspired by Franklin's failed expedition to the Northwest Passage: *Man proposes, God disposes*.
[10] Also referred to as second-order cybernetic feedback loops.
[11] Yuval Harari, as quoted in The Economist Apr 28th, 2023: "AI has gained some remarkable abilities to manipulate and generate language … AI has thereby hacked the operating system of our civilization."
[12] Kurt Vonnegut (2011). *The Last Interview and Other Conversations*. Melville House