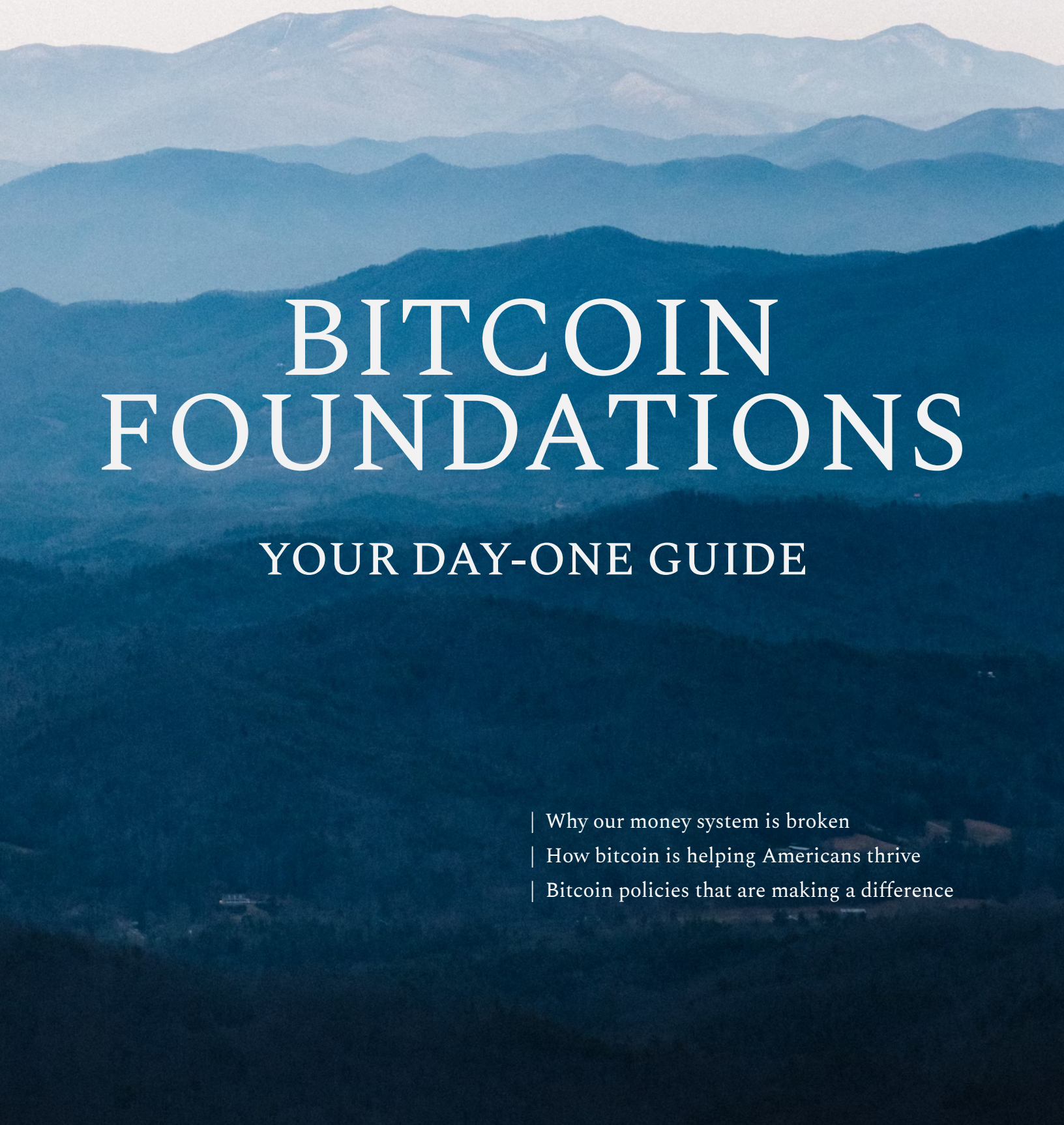
TENNESSEE BITCOIN ALLIANCE

UPDATED FOR 2026



BITCOIN FOUNDATIONS

YOUR DAY-ONE GUIDE

- Why our money system is broken
- How bitcoin is helping Americans thrive
- Bitcoin policies that are making a difference

FOREWORD

You, and Me

Free exchange begins with two people who choose to act together. Conversation, trade, partnership, payment – each starts with you and me deciding to do something we both want to do. As bitcoin scholar Natalie Smolenski has pointed out, this is the natural state of human interaction. Institutions arise later to scale what begins between individuals.

This matters because civil society rests on voluntary association. The American tradition names this principle explicitly. People form communities, businesses, and governments by consent. Contrary to this principle, over the past half century, the dollar system has pulled third parties into almost every financial activity we engage in. Banks, payment processors, and platforms are now unavoidable intermediaries. The result is an inversion of ordinary life, where financial transactions became privileges contingent on oversight rather than a right exercised by peaceful, free citizens.

Bitcoin corrects this inversion. It lets two parties engage in trade and commerce directly, with final settlement and without exposure to arbitrary gatekeeping. Law still applies, of course – specific wrongdoing can and should be prosecuted by authorities. But bitcoin restores the baseline of financial freedom, where government intervention must use due process to remove it. That baseline protects the dissident's unpopular speech, but also the shopkeeper's self reliance. When we preserve the ability for you and me to act together – freely, peacefully, and without prior permission – we safeguard the wellspring of freedom itself.

This introductory guide is designed for anyone interested in bitcoin, whether you're a beginner, an expert, or simply curious. It's intended to be a single starting point for understanding bitcoin's origins, its unique properties, how it is different from "crypto," and how it is transforming the globe. If you like what you read, we invite you to become a member of the Tennessee Bitcoin Alliance and join us on this exciting journey into the future of money.

Dave Birnbaum, President, Tennessee Bitcoin Alliance
November 2025

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Fiat money is just what it sounds like: money that has value because authorities say it does. When the United States eliminated convertibility of the dollar to gold in 1971, money ceased to be a measuring stick anchored in something real and true, and became an instrument of central planning. That one change reorganized incentives across the entire economy and society itself. Credit and debt, rather than savings and productivity, became the primary fuel for growth.

A Break With Scarcity

When President Richard Nixon announced the suspension of gold convertibility in his famous 1971 address, he assured the public that the measure was temporary. Milton Friedman's observation that *nothing is so permanent as a temporary government program* reads like commentary written in advance. Closing the gold window replaced an external check on government power with the promises of politicians. Before the break, dollars could be redeemed for a fixed quantity of a scarce metal. After, paper currency was supposedly backed by "full faith and credit" – meaningless jargon with no particular definition.

The practical effect was to turn the elasticity of the money supply into *the* primary policy lever in the United States, and by extension, worldwide. In the decade that followed, Americans learned a new vocabulary of inflation, interest-rate shocks, and shortages. Eventually, this brave new world fueled by fiat currency settled into a dismal routine. Episodes of restraint alternated with episodes of accommodation, and each bailout arrived a little faster than the last, because withdrawing the cushion threatened more pain than the previous cycle could tolerate. Once a system is built on discretionary expansion, restraint becomes the exception that proves the rule.

What Discretion Does To Incentives

If new money and credit can be created on demand, risk-taking gradually detaches from consequence. Gains are privatized, while losses are socialized. That is not a moral failing at the level of the individual trader or executive, but a rational behavior in a system where large losses are underwritten by taxpayers. Neel Kashkari's frank line during the COVID crisis – *"There is an infinite amount of cash at the Federal Reserve"* – captured this perfectly. Decision makers at large institutions heard this statement and updated their priors. They understood that they can always depend on being bailed out if the consequences of their poor decisions are bad enough.

The same logic governs public finance. Programs born as emergency responses mature into permanent fixtures, because withdrawing them becomes politically more costly than funding them with new debt. "Temporary" is a bridge to normalizing the next baseline. The public senses this and adapts. The prudent household that once built savings for a rainy day must now weigh the possibility that the purchasing power of those savings will be quietly inflated away. So they spend money on meaningless consumption, or "invest" in single stocks, worthless crypto tokens, and sports gambling. It is not surprising that consumption rises and patience declines in such an environment. The money in your pocket is telling you the future isn't worth saving for.

Cheating And Cultural Drift

This *fiat mindset* is corrosive to ethics and traditions. When the stakes are high enough, keeping honest becomes so expensive that fewer people and institutions stay that way. If a bank can avoid recognizing losses by reclassifying an asset or benefiting from regulatory forbearance, it will do so, because its competitors will. If a government can report inflation in a way that contains indexed outlays without sparking outrage at the checkout line, it will do so, because the alternative is cutting promised benefits. If a public company can flatter earnings with accounting tricks that fall within the rules, it will do so, because compensation and capital access depend on it. *Fiat is dishonest.* The system rewards the appearance of solvency over the reality of discipline, and over time those rewards reconfigure behavior.

When the money undervalues the future, so does the culture that uses it. Few phenomena have a single cause, and correlation is not causation, but the comprehensive change in incentives after 1971 coincides with visible

shifts in social indicators. In the United States, births to unwed mothers rose from roughly 11% to 40% between 1971 and 2025. Fertility declined from about 2.48 births per woman to 1.62. Adult obesity climbed from the low teens to about 40%. The incarceration rate more than tripled. These measures track different parts of life, but they move together with the same undertone: decisions become more short-sighted and institutions tasked with long-term stewardship struggle to maintain integrity.

You can see another form of this drift in the grocery aisle. The price of a can of Campbell's soup remained essentially flat for most of the twentieth century and then climbed on the order of thirteen-fold over the fifty years after 1971. Ingredients changed, too. French fries that were once made with potatoes, salt, and beef tallow now arrive with seed oils, stabilizers, sugar, acidifiers, and anti-foaming agents. Producers respond to the signals they receive, causing them to prioritize shelf life, throughput, and margin engineering over simply delivering a healthy product. You experience this as a gradual lowering of quality amidst higher prices – leaving you with a vague, lingering feeling of unfairness.

Trust moves the same way. In the early 1970s, about seven in ten Americans said that they had a great deal or a fair amount of trust in mass media. By 2025, that share was closer to three in ten, and the share reporting no trust at all had climbed from a small fraction to a third. When money becomes political, narratives follow, because the incentive to defend one's access to the money printer exceeds the incentive to describe reality as it is. People notice and lose trust, yet nobody can put their finger on what went so wrong.

How Prices Became a Policy Target

In a sound money system, prices are a feature of the market that no central authority can control. But with fiat money, prices are used to justify economic intervention. The Consumer Price Index (CPI) is a fulcrum that moves real money: roughly $1.9 trillion in federal outlays (about a quarter of the budget) are explicitly tied to CPI through cost-of-living adjustments. Social Security benefits, veterans' compensation, federal pensions, nutrition support, and unemployment insurance all move with CPI. When trillions of dollars hinge on a single number, the methodology that produces the number is guaranteed to become politicized and contested.

Over decades, the way CPI is calculated has been changed several times, and the changes have always resulted in inflation looking less bad than it actually is. Economists can defend each change on technical grounds, and many do in good faith. The aggregate effect, however, is that measured inflation drifts away from the lived experience of households that actually spend money. Once again, trust in institutions declines.

Why Fiat Fears Deflation

When competitive markets combine with technological progress, things tend to get cheaper over time. Artificial intelligence, automation, and global compute are intrinsically deflationary. They make it possible to produce the same output with fewer inputs, *with improved quality and at lower cost.* In a world anchored to monetary scarcity, those gains would flow transparently to households as falling prices and improved quality of life. But, in a fiat regime that must defend nominal stability to protect balance sheets, those gains *must* be offset. The result is a sneaking sense that technological progress is happening all around us, yet somehow doesn't have the positive effect on our lives that we might have expected.

A credit-based fiat system cannot tolerate broad deflation because liabilities are denominated in nominal terms. If prices fall, debts become more expensive to service. The official mandate of the Federal Reserve to pursue stable prices and maximum employment sounds laudable, but in practice it compels authorities to siphon value out of the productivity gains conferred by improving tech. The development of incredible new technologies create downward pressure on prices, which prompts the institutions of fiat to exert an equal and opposite force the other direction. The tension grows since neither one is able to stop.

Diminishing Returns on Debt

For a while, borrowing against the future can make people richer in the present. That is what post-1971 policy discovered and professionalized. The early returns on the fiat system were impressive: in the 1970s, each dollar of new debt purchased several dollars of measured output. Over time, the marginal product of debt declined, to the point that in the 2020s each new dollar of debt bought a fraction of a dollar of additional GDP. Think of it this way: if you can borrow cheaply to buy a tool that makes you more productive, borrowing is sensible. If you must borrow just to meet last year's bills because your earnings do not keep pace with your costs, you are hollowing out your own future.

There is a level of debt-to-GDP beyond which default, explicit or implicit, becomes probable rather than theoretical. History suggests that the danger increases when this number reaches about 130% percent. The exact number is less important than the pattern. Past a certain point, compounding interest outruns compounding output. A country in that position has two choices: it can restructure and admit the loss (a hard default), or it can inflate and stretch maturities (a soft default). The temptation is always to choose the soft option, because it spreads the pain over a longer time period.

Fiat Has No Floor

A money that can be infinitely printed has no price floor. Without a floor, the path of least resistance in each crisis is the same: expand the money supply now and promise discipline later. Later arrives as the next "temporary" measure. Over decades, the sum of those decisions is the erosion of purchasing power, migration of wealth into assets that ride waves of expansion, decay of trust in institutions that must defend the system, and demoralization that comes from feeling your future pulled forward and spent. In such a world, people search for ways to make meaning out of the chaos. Extreme political swings, conspicuous consumption, normalization of pornography and sports gambling, and mental heath crises follow. Sound familiar? Perhaps it is time to get to the root of the problem – the corruption of money itself.

A Perfect Storm

Talk to financial experts, wealthy people, blue collar workers, or economists, and you will find a pervasive attitude that the world order is beset with deep, intractable problems that are cause for concern. Anxieties about money printing and debasement are seen as an essential part of the picture, and rightly so.

World reserve currency periods

Portugal	1450–1530	**80 years**
Spain	1530–1640	**110 years**
Netherlands	1640–1720	**80 years**
France	1720–1815	**95 years**
Great Britain	1815–1920	**105 years**
United States	1921–today	**104 years and counting**

Adapted from Forbes Magazine

Since 2020, $3.8 trillion have flooded the economy. This is a truly astronomical, almost incomprehensible number. If you were to spend $4 million a day since the year 0 A.D., you would not have spent $3.8 trillion by today. The percent increase in the money supply since COVID is unknown, but estimates range anywhere from 25% to 80%.

How It Happened

A long series of events led to this moment, which we will only briefly touch upon here.

"Free banking", where local banks were free to issue their own depository notes, was ended in the late 19th century in favor of greater government oversight. At the time, this was a rational response to a long series of bank failures. Soon, however, the U.S. government established the Federal Reserve, which became a central bank for the United States.

The U.S. subsequently defaulted on its debt several times. One such time was when Franklin Roosevelt confiscated gold, then promptly devalued the dollar by decree. Another default occurred in 1971 when President Nixon permanently changed the backing of the dollar from gold to debt. Thus, our experiment with debt-based fiat currency in the United States is only about 50 years old, and in that time, we have seen a hollowing out of our working class, a dramatic increase in centralized power, massive growth of the bureaucracy and the military, and other drastic changes.

Debt That Can Never Be Repaid

Because the dollar has achieved global reserve currency status, the United States has enjoyed a privileged position in which it can export dollars in exchange for valuable goods. Because of this continually accruing advantage, the U.S. has enjoyed tremendous leverage in the world economy.

Even though dollars are not sound money, they are relatively scarce compared to the fiat currencies of other countries. And because dollars are universally recognized and easy to transmit through the international banking system, the decisions of the Federal Reserve directly impact the entire world. For better or for worse, the dollar is the best form of fiat there is.

Now, however, global debt has surpassed $400 trillion, with U.S. debt exceeding $36 trillion and doubling in the last 10 years. Economic output, whether measured with GDP or another way, cannot keep up. To carefully unwind this system in a methodical, safe way would be extraordinarily complex, and there is no group of influential people who have an incentive to do so. On the other hand, in the words of economist Herbert Stein, "If something cannot go on forever, it will stop."

Key Takeaways

- **If history is any guide, the dollar is in terminal decline.**
- **1971 marked a permanent shift from scarcity-anchored money to policy money.**
- **Measured in scarce terms, wage purchasing power has collapsed since that time.**
- **Moral hazard, measurement gaming, and diminishing returns on debt are now pervasive.**
- **Technology can and will lead to abundance, but broken money is preventing people from feeling secure in their future.**

What Is Money, Really?

Development of Money

Monetary Properties

Bitcoin's Path to Becoming Money

Development of Money

To understand how we got here, and how bitcoin fits, we need a basic understanding of the history of money and its evolution over time. As we examine various monetary systems from the past, and why they gained adoption but ultimately failed, we can begin to grasp the significance of bitcoin.

Barter | 9000 B.C.

Barter is said to be humanity's first attempt at exchanging value. Although there is no archeological evidence that people used barter as a widespread system of trade, it's not hard to imagine that prehistoric people traded goods directly, such as mammoth skins for fruit. The reason this would have occurred is that one person might have more of one type of good than they need, but less of another. The person with too much fruit to eat before it rots would, of course, benefit from trading the excess with another person who has something else *they* have in excess, like mammoth skins.

This system relies on a *coincidence of wants*. In order to trade, each party must want what the other has. When you think about it, this situation is relatively rare. When you buy groceries, how likely would it be for *all* the people who produce those various goods to be willing to trade them for something *you* have in excess? To solve this problem, people eventually started using commodities as a *medium of exchange* – an early form of money.

Weights and Measures | 2000 B.C.

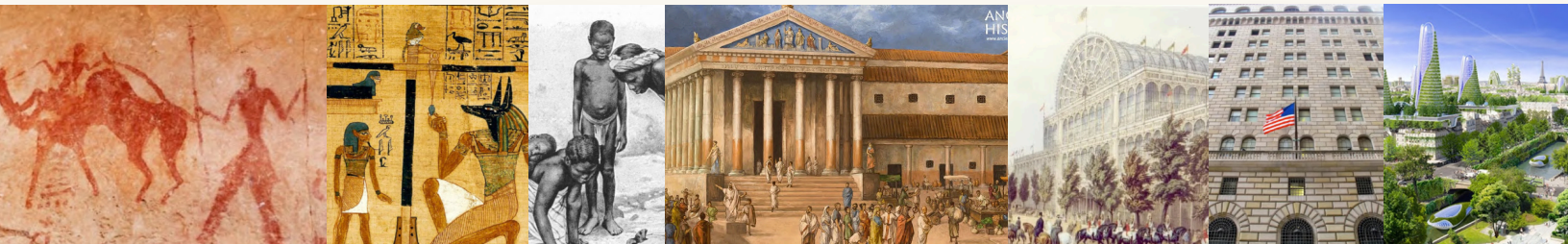
Some cultures used a common good as a medium of exchange. In Egypt, trading centers hosted equipment for weighing and measuring grain. Grain is pretty good at being money because it's divisible into small amounts and relatively fungible. It also has a utility value – people could choose to trade their grain for other goods, or consume it directly.

However, grain money had drawbacks – it's voluminous, heavy, hard to transport, and can be ruined by pests and moisture.

Seashells | 1200 B.C.

Seashells were used as currency in West Africa and elsewhere. Shells had no utility like grain did. Instead, they only *symbolized* value. This was a breakthrough in money technology. Shell money was highly portable, durable, and similar in appearance and size.

Although shells were somewhat scarce in the communities that used them, their *supply* was unpredictable. This could lead to rapid inflation. If a stockpile of shells that took years of labor to accumulate could be debased by the discovery of a natural trove, storing value with them is risky. Eventually, natural abundance of shells did lead to massive inflation, causing shell money to die out.



Minted Coins | 600 B.C.

Many ancient civilizations such as Rome minted gold and silver coins. This was a key step forward in money technology. Rare metals were understood to be scarce and thus maintain value over time, but it was hard to verify authenticity and hard to measure exact amounts. Minted coins introduced standard denominations, and, being stamped with artwork and text, were relatively difficult to counterfeit.

However, once these coins became widely trusted, the government was inevitably tempted to take advantage of this trust to issue coins with less rare metal, thereby increasing the money supply and enriching themselves. This practice, known as "coin clipping," grew widespread as Roman culture declined into decadence and debt. By the end of the empire, Roman coins were made out of cheap, abundant metal with the same trusted markings as before – but none of the trust itself.

Gold Standard | 1870

A Gold Standard is a system in which all economic activity is based upon the value of gold. In the late 19th and early 20th centuries, a global Gold Standard took hold. Because gold is difficult to transport, gold vaults and banks would hold the gold in vaults, and issue paper notes that represented claims on it. Anyone holding this paper could convert their paper into gold by visiting the issuing party, and many did. Most, however, simply traded the paper. That people were willing to use gold certificates in place of gold speaks to a high level of trust in the banking system.

This period is remembered for dramatic technological and civilizational progress. As such, a gold-based system of trade is generally viewed favorably, even today, as demonstrated by the phrase "gold standard," which has come to mean "absolute best example."

Fiat Standard | 1971

The intense political violence of the early 20th century coincided with a deviation from the Gold Standard by world powers, whose leaders had figured out that the issuance of unbacked paper notes (fiat) could allow central governments to access the wealth of their entire populations by printing money and diluting existing currency holders without the need for explicit taxation. This is another example of how, once trust is built, it becomes tempting for temporary power holders to leverage that trust to enhance their own stature and wealth.

In the ensuing decades, the relationship of government-created currencies to gold was in flux. The overall trend was for gold to accumulate in the United States, and for the U.S. government to make it harder and harder to redeem dollars for gold. Finally, in 1971, the dollar was permanently unmoored from gold.

Since then, the world economy has operated on a foundation of debt in the form of U.S. Treasuries. This system has proven useful in building fast digital payment networks and centralizing control of the economy. At the same time, it has resulted in a dramatic loss of purchasing power of dollars and a constant "business cycle" of booms and busts. Many believe that fiat is at least somewhat to blame for the decline of Western values of thrift and planning in favor of consumption and debt.

Monetary Properties

Money is nothing more than a tool for getting a job done. As a technology, it can be viewed as a simple machine, like the wheel, pulley, or lever. When you understand money as a tool, it becomes clear why gold makes better money than bananas. For the job that money has to do, there are certain qualities that make some things better suited to the task than others.

The most important properties money are that it be *durable*, *portable*, *fungible*, *verifiable*, *divisible*, *scarce*, *censorship resistant*, and have an *established history*.

Bitcoin is not perfect. However, when it is compared to other forms of money, it becomes clear that bitcoin is the most advanced money technology ever invented. And, being digital, it is especially suited to an age of global internet commerce.

	Bitcoin	Crypto	Fiat	Gold
Durable Can be used repeatedly	A	A	B	A+
Portable Can be carried easily	A+	A+	B	D
Fungible Units are interchangeable	B	B	B	A
Verifiable Anyone can tell it's not fake	A+	A+	C	B
Divisible Can be split into small pieces	A+	A+	B	C
Scarce Not naturally abundant	A+	F	F	A
Censorship Resistant Can't be restricted	A	C	D	C
Established History Has proven itself as money	B	F	A–	A+

Adapted from The Bullish Case for Bitcoin and other sources.

Price Controls On Money

Believe it or not, you already live with price controls. The Federal Reserve sets the price of short-term dollars through its policy rate, and that rate is an administered price on money itself. When the rate is low, new credit is cheap and balance sheets expand. When the rate rises, credit tightens and the economy slows. Because nearly every other price is financed with money over time, fixing the base price of money transmits control over the economy without the government posting price tags on groceries or gas.

The mechanism is simply this: banks create money when they issue loans, and they fund that activity against a benchmark that the central bank sets and enforces with its own balance sheet. The policy rate anchors money-market rates, shapes the yield curve, and either disciplines or accelerates credit creation. This is a subtler form of command than the ration books of the past, but it is also more powerful. A committee announces a change to one number and the incentives of households, firms, and states recalibrate in hours.

Systems reveal their last-resort function in crises. Central planning relied on a committee of last resort that allocated output when markets failed. Fiat credit relies on a lender of last resort that manufactures liquidity and stands behind banks when funding breaks. Bitcoin relies on neither. It has a buyer of last resort in the only independent market for money that runs every hour of every day. Anyone anywhere can post a bid or an offer and settle to finality without asking permission. No authority fixes the price of bitcoin. The network fixes the rules for issuance and validity, and price discovery does the rest.

A New Gold Standard Will Not Work

Think tanks, central banks, and politicians are waking up to the problem of fiat, and various solutions are being proposed. Some countries are establishing bilateral agreements to trade in a currency other than the dollar. Additionally, there are many economists who believe we should use the political process to re-establish the Gold Standard.

It is our view that a new Gold Standard is not only impractical, but undesirable. First, gold is not a viable tool for value exchange among regular people because it is heavy, easily lost or stolen, and hard to divide into small units of value. To avoid these obvious problems, some Gold Standard supporters are calling for gold-backed government paper or cryptocurrencies.

The problem with this is that these are ultimately just IOUs for gold, and the issuer of the IOUs will always have an incentive to create more paper claims than there are ounces of gold backing them. The debasement may start as a "rational response" to a crisis, but always eventually leads to the same result – and will eventually just re-create the fiat system.

Even putting rehypothecation aside, a gold-backed currency would require you to trust that your IOU would be honored and redeemable for gold if you asked for it. As we have seen all too often, that kind of promise is worth about as much as the piece of paper itself.

Bitcoin's Path to Becoming Money

An amazing and under-appreciated fact about bitcoin is that its adoption only moves one direction – up – regardless of its price in dollars. That means that every day, there are more owners and users of bitcoin than there were yesterday.

Bitcoin is currently "monetizing," meaning it is widely used and recognized as money by more people every day. All forms of money were once not money (gold, federal reserve notes, and so on), and they must have gone through a process of monetization. The journey of monetization occurs in three stages called *Store of Value, Medium of Exchange,* and *Unit of Account.* In this section we'll review where bitcoin is in this process and what to expect next.

Store of Value

Over the past decade, bitcoin has primarily been utilized as a Store of Value. This means it maintains value over long timespans, allowing users to preserve their wealth. This may seem unintuitive, because bitcoin's exchange rate with U.S. dollars is volatile. However, bitcoin's price floor over a 5 year period has risen predictably.

Because its supply is fixed, bitcoin's scarcity is absolute. There can never be more than 21 million bitcoins in existence, regardless of politics or policy. Millions of people live in places where the purchasing power of their government-issued fiat can be (and is often) destroyed through incompetence or corruption. For them, bitcoin's volatility is an acceptable tradeoff to avoid confiscation of their savings and debasement of their currency.

A common fallacy is that something must be a Medium of Exchange to truly be considered money. However, people use many assets to store value, like gold and real estate, which are not used in everyday trade.

Medium of Exchange

That said, bitcoin is currently in the early stages of transforming into a Medium of Exchange. Square, a major payments company, enabled bitcoin payments for their 4 million small business customers in late 2025. Many merchants will now be able to avoid predatory credit card processing fees by accepting bitcoin as payment. Cash App, one of the most popular consumer payment apps, now offers bitcoin payments *even if the user has no bitcoin.* If you want to pay a merchant in bitcoin but you only have dollars in your account, the app takes care of quietly converting your cash to bitcoin and sending it to the merchant. The result is a seamless experience that saves the merchant money, makes payment easier, and cuts fiat financial institutions out of the process.

Steak 'n Shake is one of the first national chains to promote bitcoin payments.

Unit of Account

The final stage of monetization is when a money becomes a Unit of Account, which means that goods and services are priced in terms of it. For this to happen with bitcoin, its purchasing power must stabilize.

Transitioning to this stage requires a combination of improved infrastructure and increased adoption. As more people use bitcoin for daily transactions, and businesses incorporate it into their operations, it will naturally become a Unit of Account. This will mark the culmination of bitcoin's journey to becoming money.

Exchange Rate Volatility

Volatility in the exchange rate between new and existing forms of money is a natural part of the monetization process as the new money undergoes *price discovery*. Because of this, bitcoin's price fluctuations indicate that it is monetizing, not that it is a speculative bubble.

Monetization tends to entail volatility because, as a new monetary asset gains acceptance, demand increases rapidly. Because many new investors don't understand the asset, they sell it and take profit when the price reaches new highs, believing it might be a bubble. This happened when bitcoin reached $1, and $10, and $1000, $10,000, and $100,000, and it will continue happening until finally, the fundamentals of bitcoin are widely understood to be preferable to those of other forms of money, like fiat, that one could trade for it.

This phenomenon is not unique to bitcoin. However, in the case of bitcoin, exchange rate volatility can be attributed to two primary factors.

First, bitcoin's supply limit is fixed. This is unlike any other commodity, digital or otherwise. With other commodities, when demand increases, supply increases to meet it. Even the supply of scarce assets like gold can respond to demand; when the price goes high enough, more capital is allocated to building gold mines and refineries. However, bitcoin miners cannot do this because of how bitcoin works, which will be discussed later. Since bitcoin's supply cannot respond to demand, the price is not "smoothed out." Any change to demand is instantly reflected in the exchange rate.

The second factor in bitcoin's volatility is related to the first. Because bitcoin is a Store of Value, when more fiat units (dollars) flood the economy, demand for bitcoin tends to increase. In this sense, bitcoin itself is not volatile; rather, its exchange rate reflects the unpredictability of the fiat money supply. When monetary policy is tight, fewer dollars are invested into bitcoin, so demand declines. When policy is loosened and money becomes cheap, more dollars begin to chase a fixed amount of bitcoin.

As adoption increases, bitcoin's volatility will calm, its purchasing power will stabilize, and people will become confident in its viability as a Medium of Exchange and Unit of Account.

Monetization is a Process

The path to full adoption of bitcoin is a gradual process. As with any new technology, it takes time for society to adapt and integrate it into existing systems.

Bitcoin is well on its way to becoming money, with each stage of its development bringing it closer. Price discovery, advances in technology, and infrastructure buildout will likely lead to decreased volatility and increased confidence in bitcoin

Key Takeaways

- **Bitcoin was designed by computer scientists trying to maximize its viability as money by giving it strong monetary properties.**
- **Today, bitcoin is used primarily as a Store of Value and, more recently, a Medium of Exchange.**
- **Bitcoin's exchange rate is volatile because it is monetizing (becoming money).**

How Bitcoin Works

Who Should Be Able to Print Money?

Bitcoin vs. Crypto

Dispelling Myths

Why Bitcoin Is Accelerating

Why People Trade Fiat for Bitcoin

Who Should Be Able to Print Money?

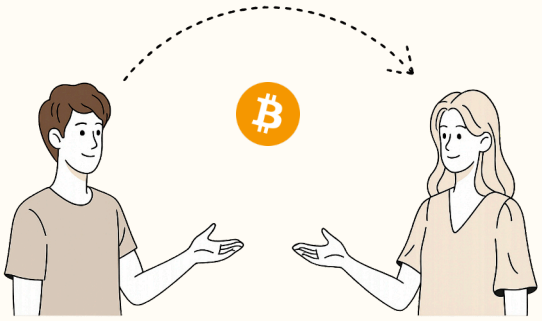
If a money printer exists, it will be used. The power to create monetary units at near zero marginal cost is irresistible. The temptation intensifies in war, recession, or election years because printing is easier than raising taxes or cutting spending.

In the world of cryptocurrency, the money printer is open to anyone. A team can clone code, tweak parameters, pre-allocate units, and sell a story. The same computer science discoveries that led to bitcoin can be recombined to mint new "assets" with no limit. That is why so many cryptocurrencies appeared after bitcoin's launch. Crypto can be a lucrative business when confidence can be manufactured and when marketing techniques can be used to hype-up and pump a token's price.

Bitcoin is different – it makes money printing impossible for *anyone*. The supply is capped at 21 million and the issuance schedule is enforced by nodes that refuse blocks which break the rules. Miners cannot create extra units. No government can decree a change. Scarcity is a property of the protocol. The definition of bitcoin as a "digital commodity" fits because creating new units require costly work and cannot be conjured from nothing, yet bitcoin adds *perfect auditability* that even gold cannot match.

Trustworthy Transactions

Bitcoin turns untrusted inputs into a ledger worthy of trust. Anyone may propose a payment, yet only transactions with valid signatures and correct rules are accepted. Independent nodes check every byte and reject anything invalid. Miners bundle the valid set and compete with proof of work to add a new block roughly every ten minutes. The longest valid chain becomes the record. With each confirmation, the cost of rewriting history rises, so trust in the network *grows* over time.



Bitcoin transactions are peer-to-peer.

Bitcoin miners have to follow the rules also, turning their own self-interest into cooperation that benefits all. Honest miners earn the block subsidy and fees when they follow consensus. Dishonest miners waste electricity and money on blocks that nodes will ignore. If a bitcoin miner tries to spend someone's bitcoin a second time, they lose out on revenue. The cheapest path is the honest path, so rational actors converge on it.

Users benefit because they do not need to trust a counterparty or an intermediary. They can verify with their own node that funds are real, then rely on incentives that punish cheating and reward following the rules. What begins as messages from strangers is transformed into a shared ledger through open verification and natural economic forces. The outcome is a payment system that is truly peer-to-peer.

Digital scarcity

At the heart of bitcoin lies *digital scarcity* – an invention that is so revolutionary, it can be challenging to understand.

Anyone familiar with computers knows that a digital file can be copied exactly, ad infinitum. Digital files can be copied and distributed at almost zero cost. In fact, this aspect of digital technology has so disrupted the distribution of intellectual property that venerable industries such as music, film, and publishing have been upended by it.

That's part of why bitcoin can be hard to understand for newcomers: the bitcoin protocol can be used to make something digital that *can't* be copied or erased.

Part of what makes this work is the shared ledger that bitcoin uses to specify who has which coins. Every transaction is recorded on this ledger, and the ledger is copied exactly to millions of computers around the

world. Because it is impossible to corrupt the history of the ledger unless you had more computing power than is practical for anyone to possess, you can be confident that the bitcoin you have cannot be stolen or erased.

Conversely, nobody can counterfeit bitcoin because, in order to make new bitcoins, a mathematical protocol must be followed, and following that protocol is identical to mining bitcoin. In other words, bitcoin is designed so that it is easy to participate in the network, but practically impossible to undermine it.

In order to use bitcoin, you don't need to dive deep into the engineering of how it works. But to absorb just how scarce bitcoin is, consider that only 21 million bitcoins will ever be created, with 19.2 million already in circulation, and less than 2 million left to be mined. To put it into perspective, if you divide 21 million by the global population of 8 billion, you get 0.002 bitcoins per person. Because bitcoin can be divided into infinitely tiny amounts, it will never "run out." All 8 billion people can use the 21 million bitcoins to establish a global system of commerce and trade. However, as more people use bitcoin, smaller and smaller amounts will have more and more purchasing power.

Anatomy of a Bitcoin Transaction

But how do bitcoin transactions actually work? Here's a breakdown of the steps, with details skipped in order to keep the explanation easy to understand.

1. A user creates a transaction and signs it using an uncrackable digital signature.
2. The user's computer broadcasts the transaction on the internet where it is seen and propagated by bitcoin nodes run by millions of computers on the network.
3. Mining computers see this transaction bouncing around and view it as an opportunity to make money; if the miner can fit it into a *block*, they win a reward. About every 10 minutes, one of the miners successfully does this and adds the transaction to the immutable, universal bitcoin ledger.
4. The miner broadcasts this new version of the ledger to all network participants, who update their local copies of the ledger.

Note that no banks, governments, credit card companies, or centralized entities of any kind are present in this this process.

Transaction Steps

1. Anyone can create a transaction and sign it using an uncrackable digital signature.

2. Their computer broadcasts the transaction on the internet where it is seen and propagated by bitcoin nodes run by anyone on the network.

3. Mining computers watch for transactions, and about every 10 minutes, one of them successfully orders a set of transactions and adds them to the immutable, universal bitcoin ledger.

4. The miner then broadcasts this valid block to all network participants, who update their local copies of the ledger.

Absent: Governments, banks, financial institutions

Bitcoin vs. Crypto

Bitcoin is wholly different from other cryptocurrencies because of its decentralization, fixed supply, absence of counterparty risk, and regulatory status. While many people lump bitcoin together with "crypto," it's crucial to recognize the significant differences that set bitcoin apart.

Decentralization

Unlike cryptocurrencies that are managed by CEOs or foundations, bitcoin boasts genuine decentralization. This means that no single entity can alter the protocol. This prevents changes such as inflating the maximum supply of bitcoins, or misappropriating investors' money – an unfortunate occurrence that happens often with cryptocurrencies.

Fixed Supply

One of the key features that differentiates bitcoin from other cryptocurrencies is its fixed supply. There will only ever be 21 million bitcoins, which ensures that it remains scarce. This scarcity is in stark contrast to other cryptocurrencies, which have flexible or uncapped supplies, often leading to inflation and reduced utility as money over time.

No Counterparty Risk

Bitcoin transactions may occur directly between peers without intermediaries such as banks or financial institutions. This eliminates *counterparty risk,* ensuring that assets are not subject to the potential failures or mismanagement of third parties. In contrast, other cryptocurrencies like Ethereum and XRP require users to trust centralized entities, which represents no improvement whatsoever over a fiat-based system.

Regulatory Clarity

The U.S. Securities and Exchange Commission (SEC) has indicated that bitcoin is a commodity, which sets it apart from other cryptocurrencies which are increasingly likely to be regulated as securities. This is significant because bitcoin's status as a commodity is an acknowledgment that it is a neutral "digital good" rather than being equivalent to a share in a company.

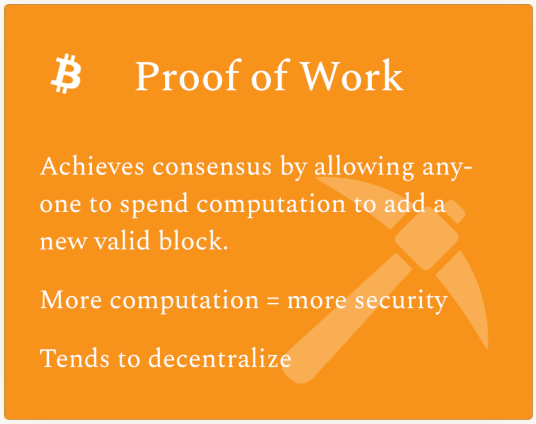
	Bitcoin	Crypto
Decentralized	✓	✗
Fixed supply	✓	✗
No counterparty risk	✓	✗
Regulatory clarity	✓	✗

Achieving Consensus: Proof of Work vs. Proof of Stake

If anyone could theoretically make changes to their own copy of the bitcoin ledger, how do we know which one is right? This is the dilemma of "consensus," and it is a key problem that bitcoin's engineering solved. Today, the two most widespread consensus mechanisms are Proof of Work (or "PoW"), which bitcoin uses, and Proof of Stake (or "PoS"), used by Ethereum and other cryptocurrencies.

PoW is a better solution than PoS because it achieves consensus by requiring participants to spend computational power to add new blocks to the blockchain. PoW ties bitcoin to the physical world, because it imposes an opportunity cost on miners. They must choose to mine bitcoin instead of using that energy for some other economic activity.

PoS achieves consensus by allowing token owners to "stake" their tokens to vote for new blocks. PoS is just a fancy way of recreating the fiat system, where people who have more capital have more leverage and can control the rules of the system.



Dispelling Myths

Let's briefly address some of the most common misconceptions about bitcoin.

Bitcoin is a Ponzi scheme: False

A Ponzi scheme is a fraudulent investment scam in which returns are paid to existing investors from the funds contributed by new investors, rather than from profit earned. Ponzi schemes are often reliant on secrecy and guaranteed returns. They're pushed by high-pressure sales and marketing tactics. Many cryptocurrencies and crypto exchanges are indeed Ponzi schemes, but not bitcoin, which is open source and has no sales or marketing team.

Bitcoin isn't backed by anything: False

While it is true that bitcoin is not backed by a physical commodity like gold, it relies on rock-solid mathematics and cryptographic code, which provide verifiable scarcity and the ability to audit its supply with precision. Fiat money, on the other hand, is not backed by anything other than the government's promise to maintain its value – a promise that has, historically, eventually been broken every time it has been made.

Bitcoin is bad for the environment: False

Bitcoin mining becomes more efficient and environmentally friendly each year because miners are motivated by profit seeking to discover and develop cheaper, cleaner energy sources. In contrast, the fiat money system has significant negative environmental impact, including physical money production, physical banking infrastructure, enormous bureaucracy, and even the military might required to defend the dollar's status as a reserve currency.

Additionally, as we have already discussed, inflationary fiat currencies tend to encourage short-term thinking, overconsumption, and environmental exploitation as individuals and businesses prioritize immediate gains over long-term sustainability.

Bitcoin can be copied: False

Since bitcoin's launch in 2009, thousands of cryptocurrencies have been created, but none have succeeded in replacing bitcoin. Its decentralization cannot be replicated, and its network effects make it impossible for any other crypto to catch up. Many years ago, it might have been possible for another digital currency to overtake bitcoin, but now that hundreds of millions of people use it, bitcoin is here to stay, just like the protocols that underlie the internet.

Bitcoin will be banned: False

Although some governments, including those of China and India, have tried to ban bitcoin, they have not been successful. In practical terms, no one can permanently prevent the use of a software protocol.

Instead of banning it, some countries have designated bitcoin as legal tender. In the U.S., bitcoin adoption is growing rapidly, making it unlikely that regulators would attack it directly. Some other cryptocurrencies, however, may face regulatory challenges or outright bans due to their centralized nature or lack of compliance with financial regulations.

Bitcoin is mostly used by criminals: False

The vast majority of criminal activity occurs using fiat money. And the vast majority of bitcoin usage is legitimate. Those who propose that bitcoin should be banned because a small minority of transactions are associated with criminality must explain why fiat should not also be banned, given its widespread use in every crime imaginable, from extortion, to money laundering, to terrorism.

Bitcoin is too volatile: False

New assets are typically volatile during their price discovery phase. However, history shows that bitcoin recovers after crashes. As adoption increases, its price volatility will decrease. Some other cryptocurrencies may experience higher volatility due to their smaller market capitalization and lower liquidity. Fiat is itself susceptible to loss of purchasing power due to inflation and poor policy, with the dollar having lost 90% of its purchasing power over the past half century.

CBDCs will win: False

CBDCs, or Central Bank Digital Currencies, are cryptocurrencies issued by central banks. They repurpose some of the innovations of bitcoin to enable granular, centralized control and surveillance of every unit of currency in an economy. This allows governments to undermine liberty and control people's lives to an extraordinary degree.

CBDCs pose a real and present danger to natural rights, and they must be fought at every turn using the political process. However, even if the voting public does not desire CBDCs, the sad reality is that governments are not always held accountable for their actions, and CBDCs are likely to be instituted in many countries, and even the U.S. if we are not vigilant.

However, if a CBDC ever does arrive here, it will accelerate the transition to bitcoin, as people will inevitably recognize it as a way of preserving self-sovereignty when the only alternative is tyranny fueled by total financial surveillance. This dynamic recently played out in Nigeria. The population rejected the government's CBDC, and many moved their savings into bitcoin as fast as they could.

Why Bitcoin Is Accelerating

Generational Changes

Technology's exponential acceleration will support the adoption of bitcoin. As inexpensive, satellite-based internet becomes widely available, alongside proliferation of smart devices and computers, the barriers to using bitcoin are getting lower every day.

A new generation of young people who are uncomfortable with the byzantine and outdated financial system nevertheless understand bitcoin intuitively. Soon, a massive generational wealth transfer will kick into high gear, with estimates ranging from $30 trillion to $68 trillion being passed down from older generations to younger ones. This shift will fuel bitcoin adoption, as there will be more capital available to be exchanged for bitcoin by these digital natives.

A New Era of Global Trade

Bitcoin's borderless nature allows for frictionless global trade and commerce, letting businesses transact with

one another seamlessly, regardless of geographical location. This is a strong tailwind for bitcoin's use in the global economy. Anyone who has experience with international business knows that the process of moving money across borders is fraught with uncertainty and delays. By eliminating the need for currency conversions, reducing transaction fees, and providing final settlement, bitcoin can facilitate more efficient and cost-effective international trade, benefiting businesses and consumers alike.

Remote Work and Digital Nomads

Technology now enables many people whose work product is primarily digital to work from anywhere on the planet. However, challenges with getting paid for that work hinders this trend. Bitcoin, with its borderless and peer-to-peer nature, caters perfectly to this growing demographic of digital nomads, allowing them to offer services to others regardless of location, and receive compensation quickly and reliably. This increased freedom can lead to a more productive and flexible workforce, further fueling economic growth.

Resilience Against Economic Crises

A growing number of people of all levels of wealth perceive that bitcoin could serve as a safe haven during an economic collapse. Even those who are not convinced that bitcoin's success is inevitable often make the choice to hold some, because it is clearly *possible* that bitcoin will continue being adopted in the coming years and decades at the same rate that it has been so far.

Why People Trade Fiat for Bitcoin

A common argument against bitcoin's long-term viability is that it doesn't have any "real value." This is reasonable when you consider that bitcoin is a technology so innovative that it feels incomprehensible to most people when they first encounter it.

After all, bitcoin is not like a stock, which gives you partial ownership of a company. It's not like a bond, which gives you a claim on an amount of debt that will be repaid. It doesn't generate cash flows like rent on real estate or interest on a loan. It doesn't have an industrial use like precious metals.

Yet, people use bitcoin for buying, selling, and trading innumerable goods and services all over the planet. Why?

Intrinsic Value ❌

According to monetary theory, some forms of money have *intrinsic value,* meaning that they are useful for something besides transacting. For example, grain, as discussed earlier, has intrinsic value because it can be used as food. Similarly, gold has intrinsic value because it is used in industry and jewelry.

Money that cannot be used for anything besides a Medium of Exchange or a Store of Value is deemed to have no intrinsic value. So, perhaps bitcoin does not have intrinsic value. But, this means that fiat currencies like dollars have no intrinsic value either, because they are useless for anything besides serving as money. Thus the example of the dollar shows that money does not *need* to have intrinsic value in order to be trusted and widely used.

Fundamental Value ❌

There is a financial concept known as *fundamental value,* which is the value of the future cash flows generated by asset, discounted to the present. Real estate has fundamental value because it generates returns. Gold doesn't generate future cash flows so it has no fundamental value.

From a monetary perspective, bitcoin has no intrinsic value, and from a finance perspective, it has no fundamental value. Bitcoin offers nothing besides utility as money. Warren Buffett attacked it for this reason, calling it "rat poison squared."

However, many of the smartest investors fail to grasp that bitcoin is extremely valuable *precisely* because it is so good at being money – and that's its only job.

Subjective Value

This begs the question: if bitcoin is just money, why would people demand it so much as to drive its market capitalization into trillions of dollars? The answer is deceptively simple. Bitcoin has value *because people think it does*. This may sound unsatisfying, but it is in fact how all forms of money work.

Using anything as money is equivalent to placing a bet on its ability to be exchanged for valuable goods and services in the future. The meteoric rise of the price of one bitcoin demonstrates that people, in aggregate, share this view. Value is subjective, and the subjective belief that bitcoin is valuable is shared by millions. This belief is well-founded since bitcoin has very strong monetary properties, as discussed earlier.

The Dollar in Transition

The dollar's reserve currency status benefits holders of U.S. financial assets such as stocks, bonds, and real estate. That's because the U.S. can import goods in exchange for dollars, of which the U.S. has an unlimited supply (because it creates them). Because U.S. capital markets are some of the most open in the world, overseas producers are likely to reinvest the dollars they earn from Americans back into American financial assets, creating demand for them.

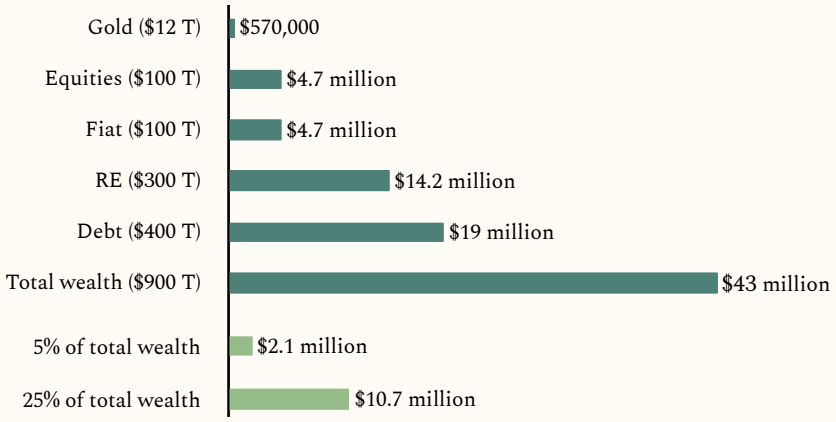
This system works to the extreme advantage of elite financial asset holders. However, it is detrimental to American labor and manufacturing, because the dollar's reserve status encourages U.S. companies to offshore their workforces. This dynamic is responsible for the hollowing out of American industrial capacity over the past half-century. Simultaneously, dollarization has provided developing markets like Asia with a constant demand for their products, allowing their economies to grow rapidly.

Because the U.S. economy is now reliant on foreign entities investing their dollars in American assets, policy makers prioritize the interests of capital before labor, and tend to respond to financial crises with currency debasement when the alternative is credit contraction. This system has functioned for decades, but in recent years, cracks have begun to show. Some countries are now trading outside the dollar system, and central banks are stockpiling gold and bitcoin. Many now wonder whether we are witnessing a de-dollarization of the world economy.

Some assume that, since China is challenging the U.S.-led world order, it would like its currency to replace the dollar. However, that would require opening China's capital markets, so that holders of yuan have a place to reinvest their money. This would provide global market participants with an opportunity to accrue power within China, which is not desired by China's leadership. Additionally, "yuanization" would depress China's labor market and middle class. None of this supports China's strategic interests.

The more likely scenario is that multiple currencies will be used in trade. Global demand for U.S. financial assets like stocks, bonds, and real estate will decrease as investors prioritize neutral commodity money, including gold and bitcoin. Indeed, nation states began stockpiling gold in 2008, and, more recently, have added bitcoin to the mix.

As this continues to play out, bitcoin holders stand to benefit tremendously. When the current system fractures, bitcoin will provide a safe haven, which will generate intense demand for an asset with a fixed supply.



Price of one bitcoin in terms of market capitalization of other stores of value

Bitcoin Compared to Other Stores of Value

Since its inception, bitcoin has experienced tremendous growth in purchasing power. After only two years, in 2011, its value rose beyond $1. Since then, its all-time highest exchange rate was over $120,000.

If bitcoin's adoption continues to accelerate, its market capitalization will rival and eventually overtake other stores of value. Because bitcoin's supply is fixed, it is possible to calculate the future purchasing power of one bitcoin in terms of its exchange rate in today's dollars. The chart above shows how much one bitcoin would be worth in today's dollars if its market capitalization matched that of today's most marketed investment assets.

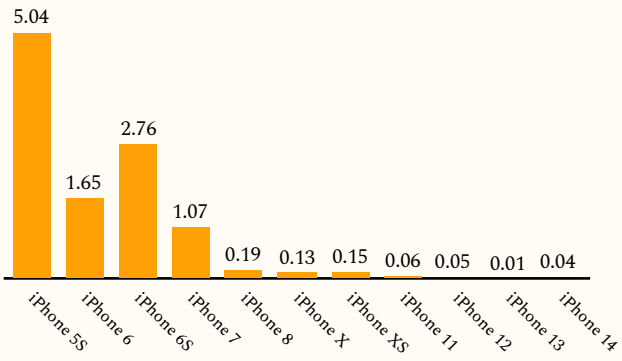
1 Bitcoin = 1 Bitcoin

Traditional financial professionals and economists sometimes deride bitcoin supporters for using the phrase "1 bitcoin = 1 bitcoin." They might say, "of course, 1 bitcoin = 1 bitcoin, just as 1 dollar = 1 dollar."

However, this misses the point. Unlike fiat currencies, bitcoin is a stable system with a perfectly auditable circulating supply. The supply of fiat currencies rises and falls through the actions of the political bodies that control them. Remarkably, there is nobody on earth who can make an accurate estimation of how many U.S. dollars exist in the global economy.

In contrast, geopolitics, policy, climate, and other externalities have zero effect on the bitcoin network. This allows us to trust bitcoin as a fixed unit. It the *only* viable reference for a stable, universal measurement of value. Measuring the price of goods in bitcoin over time demonstrates that everything gets cheaper in bitcoin terms. As an example, the amount of bitcoin needed to purchase the latest version of an iPhone any given year trends down.

Price in bitcoin of iPhone models at time of release



People who understand bitcoin shift their perspective. Instead of thinking of bitcoin as having a price that rises, they think of other assets as depreciating compared to bitcoin. When you view asset valuations this way, you recognize that bitcoin's rapid appreciation is not a speculative bubble, but is instead a magnetic pull of capital away from weaker forms of money.

Key Takeaways

- Bitcoin is truly decentralized, unlike other cryptocurrencies.
- Runaway network effects make it impossible for any other cryptocurrency to catch up with bitcoin.
- Bitcoin's supply is limited and cannot be changed.
- In the near future, it will be difficult to accumulate even one whole bitcoin.
- Cultural and demographic tailwinds are accelerating adoption of bitcoin.
- Because bitcoin is a perfectly auditable and immutable system, it is possible to utilize it as a standard measurement for value.

Bitcoin In The United States

America's Bitcoin Turn

Advancing American Values

Common Concerns

America's Bitcoin Turn

In 2025, a policy pivot reshaped the relationship between the United States and bitcoin when the President directed the U.S. Treasury to establish a Strategic Bitcoin Reserve. Similar policies are proliferating at the state level across the country. Recently, accounting, custody, exchange-traded access, retirement accounts, and merchant rails have matured considerably. Today, Wall Street distributes exposure to bitcoin at scale, while Main Street can accept and hold it with near-zero friction.

What is a Strategic Bitcoin Reserve?

A Strategic Bitcoin Reserve (SBR) is a policy that allocates some amount of a public balance sheet to bitcoin. Today, the U.S. Treasury holds bitcoin that it acquires through law enforcement seizures and other budget-neutral channels. It tracks and reports those holdings and refrains from liquidating it. The reserve functions like gold reserves or petroleum stockpiles – it is essentially a macro-hedge and a strategic option.

An SBR sets the tone for the entire regulatory ecosystem. When a sovereign signals that bitcoin is a legitimate reserve, banks feel comfortable offering bitcoin-based financial services, asset managers can package exposure, and merchants accept payments with confidence.

The United States has now assembled the legal and market infrastructure to weave bitcoin into the economy. Policy normalization took more than a decade to ripen but is now moving quickly.

ETFs Go Live | 2024

The Securities and Exchange Commission approved spot bitcoin exchange-traded products in January 2024. That decision created a compliant channel for retail and institutions to hold bitcoin through brokerage accounts that already handle stocks and bonds.

Accounting Clarity | 2024

The Financial Accounting Standards Board issued ASU 2023-08, ending the impairment model that had penalized corporate holders and requiring fair-value treatment with enhanced disclosures. For CFOs this changed the calculus and viability of holding a bitcoin treasury as a business.

Bank Custody Reopens | 2025

The SEC revoked Staff Accounting Bulletin 121, which had constrained bank balance sheets when safeguarding digital assets. Removal lowered capital frictions and invited regulated custodians back into the market.

Retirement Channel Expands | 2025

The Department of Labor rescinded its 2022 warning that had chilled retirement plan sponsors from offering bitcoin. With that obstacle gone, fiduciaries regained discretion to assess bitcoin exposure through ETFs or brokerage windows under ordinary prudence standards.

Merchant Rails Mature | 2025

Square launched Bitcoin Payments and Bitcoin Conversions, waiving processing fees through the end of 2026 and targeting a one percent fee thereafter. A coffee chain in Washington, D.C., processed the first transaction on a Square terminal in October 2025, and the national rollout followed in November.

Market Depth Compounds | 2025

BlackRock's iShares Bitcoin Trust surpassed seventy billion dollars in assets faster than any ETF had reached that mark, and later approached the $100 billion threshold as inflows persisted. The ETF channel became the primary distribution rail for large pools of capital.

Digital Asset Advisory Council | 2025

The White House created a digital-asset advisory council and appointed a senior lead to coordinate bitcoin policy alongside AI. The President and his close advisors have stated that the intention of this administration is to position the U.S. as the world leader in bitcoin technology.

GENIUS Act | 2025

Congress has also made significant strides. The Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) establishes the nation's first comprehensive regulatory framework for payment stablecoins. By shaping the path for our financial system to integrate next-generation financial networks based on stablecoins, the law also lowers the barrier to bitcoin-based products.

Bitcoin Reaches Main Street

Payments are where most everyday people encounter money. In late 2025, Square switched on bitcoin payments at the point of sale and introduced bitcoin conversions inside its dashboard. Sellers can accept bitcoin directly at checkout with settlement routed over the Lightning Network and can convert a percentage of daily card sales into bitcoin for treasury use.

The Lightning Network is an important technology for bitcoin payments. It is a layer built on top of bitcoin that opens payment channels between counterparties. Participants commit funds on the blockchain and then exchange signed updates off chain, which allows instant settlement and low fees.

The economics of payment processing with Lightning are what make it so attractive to merchants. Typical credit card processing costs sit around 1.5% to 3.5%. Lightning payments at scale can cost 1% or less. Additionally, Lighting boasts lower chargeback risk and faster settlement, making the gross margin impact significant.

Merchants have options once funds arrive. Some will hold a portion of receipts in bitcoin as a strategic reserve. Others will exchange their bitcoin for dollars to make payroll and pay suppliers. Eventually, employees and vendors may themselves accept payment in bitcoin, which would help kickstart a bitcoin-based circular economy.

Advancing American Values

The United States advances when it converts structural advantages into durable power. Two such advantages now complement each other: U.S. capital markets already set the world's asset-management standard, and American energy production has reached historic highs across oil, gas, and electricity. Bitcoin links the two domains. It turns marginal megawatts into final settlement and channels global savings through U.S.-controlled financial pipes. With policy clarity, rising domestic industrial capacity, and a national reserve, bitcoin is becoming a strategic instrument of American power.

In the twentieth century, gold reserves and the Bretton Woods system underwrote the dollar's rise. The United States held an outsized share of the world's gold after the wars, then anchored global parities at $35 per ounce. Scale, safety, and deep markets made the dollar the world's reserve currency. That architecture fused financial dominance with industrial power. A modern analogue is now emerging where bitcoin's fixed issuance and open settlement are the monetary primitive. U.S. capital markets can offer access at scale, while U.S. energy systems supply inexpensive, clean, and elastic power that makes mining both secure and grid-friendly. The more of that stack America hosts, the more its values and standards pervade the international system of trade.

Momentum turned visible in 2024 when a leading presidential contender framed domestic mining as a matter of national strength and a defense against centrally issued digital money. Candidate Trump argued that the remaining supply of bitcoin should be "made in the USA" and linked mining to energy dominance. The remarks, widely reported at the time, placed bitcoin in the center of an industrial and civil-liberty agenda.

The legislative branch moved as well. In July 2025 the

House passed the Anti-CBDC Surveillance State Act, which would forbid the Federal Reserve from issuing or piloting a centrally issued digital dollar.

Common Concerns

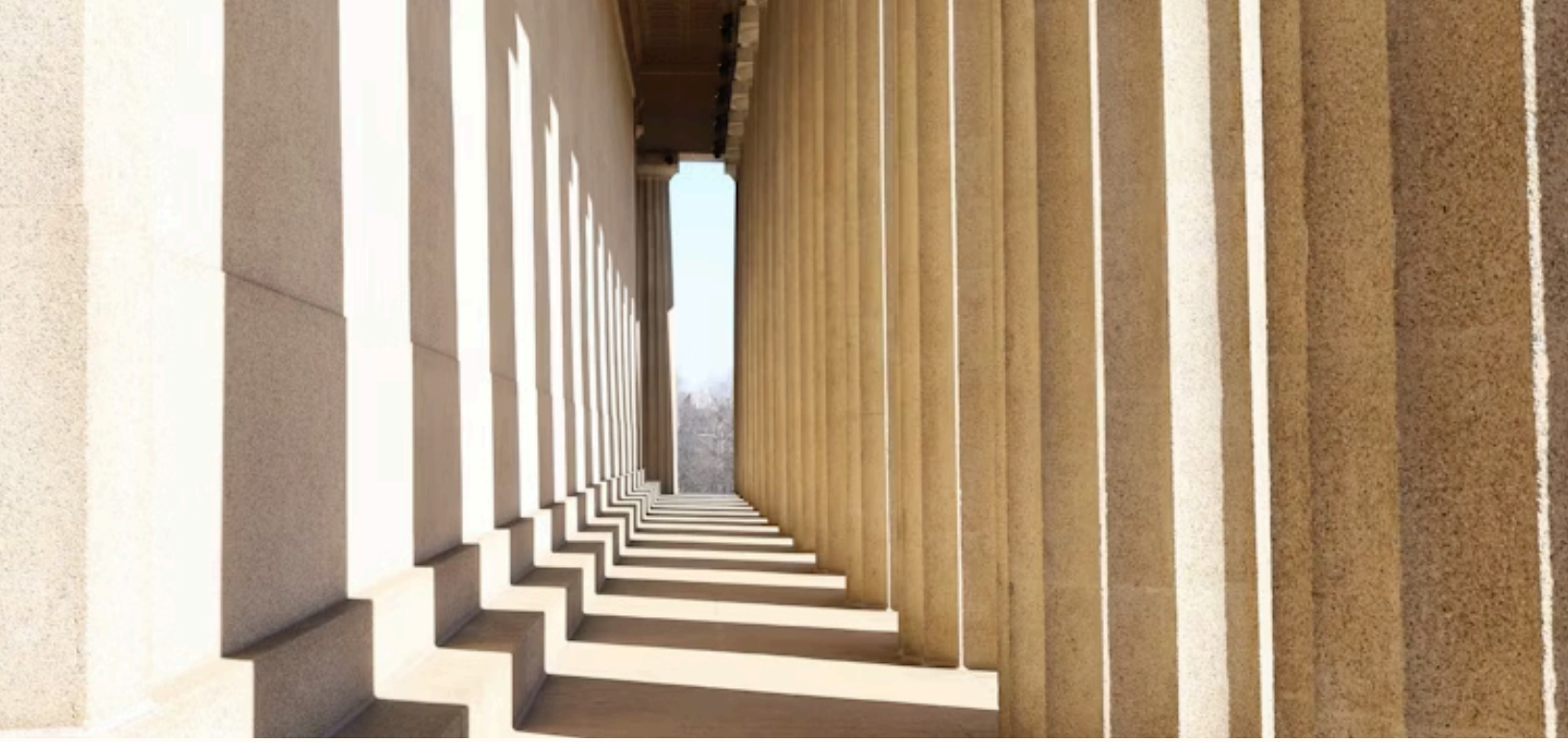
One common objection to encouraging the growth of bitcoin, and particularly bitcoin mining, is that mining "strains the grid." The record is more nuanced. Grid operators in Texas classify mining as a controllable load resource. Programs pay such loads to step off during scarcity and to soak up excess generation at night, especially when wind output is high. A leading miner earned more than thirty million dollars in a single month of 2023 through curtailment and demand-response credits. That only happened because the firm delivered a valuable service to energy customers. When scarcity returns, flexible loads become a reliability tool. When supply gluts return, they become a buyer of last resort. Both modes reduce energy price volatility for everyone else.

Another claim is that Washington will eventually adopt a central bank digital currency (CBDC) and sideline open systems like bitcoin. The House vote in 2025 points the other way. The Federal Reserve is barred from issuing or piloting a centrally issued digital dollar, thereby leaving room for private innovation on open networks. Whatever the Senate and the courts do, that posture is a signal to market participants that permissionless systems are the default, and that wallet-level surveillance is a political third rail.

A third claim is that environmental externalities outweigh the benefits of bitcoin. The credible response to this concern is to measure, regulate, and channel rather than to prohibit. The U.S. Energy Information Administration now tracks large flexible loads explicitly, including bitcoin mining. Independent market monitors study the effects, while states tighten interconnection standards and emergency curtailment rules for very large users. Bitcoin can incentivize the development of safe, clean, reliable energy resources desperately needed for a competitive economy based on AI.

Key Takeaways

- The United States has moved from hesitation to proactive build-out of bitcoin infrastructure.
- A federal Strategic Bitcoin Reserve created a policy anchor, and FASB's fair-value standard solved the corporate accounting hurdle.
- Bitcoin payments are now accessible by millions of businesses and expected to grow dramatically.
- Bitcoin can be a tool for American power through leverage created by our mature financial services sector, build out of domestic industrial capacity, and energy production.



Envisioning a Bitcoin World

Relearning Long-Term Thinking

A World United

Relearning Long-Term Thinking

Universal adoption of bitcoin, called the Bitcoin Standard, will have consequences that extend beyond mere financial stability. It will radically transform society for the better, allowing people to meet their potential in a way that is impossible without sound digital money. This may sound like an exaggeration, but stop to think: what would the world become if we had a powerful tool to coordinate peaceful human activity, maximize economic efficiency, and motivate long-term thinking?

In a world economy powered by bitcoin, we would expect unprecedented leaps in scientific discovery, technological innovation, and cultural exchange. History shows that periods of renaissance and progress have been underwritten by the availability of sound money that facilitates long-term investment. Bitcoin will do this for the 21st century.

If we are ever to build new cities, settle the solar system, and open new frontiers, we will need financing based on transparent, sound money that does not fall prey to manipulation and debasement. With bitcoin, our species will regain ability to organize ambitious projects that span vast expanses of space and time.

A World United

A financial system that cannot be manipulated directly through violence and coercion will compel governments to become more accountable to their citizens, and public spending to be more transparent and efficient. The inability of governments to confiscate the wealth within their economies through inflation to fund military conflict will lead to an era of increased tolerance, peace, and prosperity. The use of a global, universal language of value will break down barriers and foster greater understanding and cooperation among nations.

Bitcoin inspires a grand vision and a sense of boundless possibility. By using the bitcoin protocol to enact the principles of independence, truth, and freedom, we can make significant strides toward a bright future.

About Tennessee Bitcoin Alliance

Tennessee Bitcoin Alliance (TNBTC) is a 501(c)(4) nonprofit, nonpartisan organization dedicated to ensuring that every resident, business, and public servant in Tennessee can benefit from bitcoin. We envision a state where sound money underpins daily life; where the smallest merchant, the largest manufacturer, and the state treasury itself holds and transacts with bitcoin as confidently as they handle dollars today. In that future, economic opportunity flourishes because individuals and businesses can protect the fruit of their labor with the best money technology ever invented.

Core Principles

- Bitcoin is sound digital money, as gold is sound physical money.
- Access to sound money is a human right.
- Self-custody of bitcoin is non-negotiable because it is private property.
- Permissionless peer-to-peer transactions are inviolable because they are a form of speech.
- Transparency and Proof-of-Work are core principles of bitcoin that can and should extend to other domains.

Strategic Objectives

We work to secure statutory language that supports bitcoin-fueled economic growth in Tennessee. Examples include:

- Affirm the natural right for Tennesseans to hold bitcoin in self-custody.
- Protect the freedom to run bitcoin and lightning nodes without regulation, licensing, or surveillance.
- Lay the groundwork for any party doing business in Tennessee to transact in bitcoin.
- Formalize legal classifications for crypto assets according to their properties – for example, distinguishing digital sound money like bitcoin from centralized tokens and CBDCs.
- Deploy curriculum modules about bitcoin and economics across primary, secondary, and university classrooms.

Programs and Initiatives

We educate Tennesseans about the benefits of an economy increasingly based on digital sound money through:

- Civic-literacy workshops that demystify bitcoin for the public.
- Private briefings for elected officials and policy makers about bitcoin voter priorities.
- Social and educational events that connect technologists, entrepreneurs, and voters.
- Mentor pairings that help merchants incorporate bitcoin into their operations.
- Reports that track legislative progress, market adoption, and educational reach.

Would you like access to premium content, event invitations, Working Group drafts, and voting rights on policy priorities and recommendations? Become a TNBTC member today.

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