

# OFF THE FENCE VIEW # 1

## ***Should you buy Bitcoin?***

**Off the Fence** is about choosing a side in a world where too many economic and investment commentators refuse to. Instead of hedging every statement, we give you our views plainly. We may be right or wrong, but we take a position.



**Written by Brett Anderson 10 February 2026**

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## Executive Summary

Bitcoin is often promoted as the future of money and a must-own investment. Our view is simple:

**Crypto (incl. Bitcoin) is the worst buy and hold investment in the world.**

Below are two of the more important reasons.

### 1. Bitcoin cannot function as a currency

Bitcoin is often sold as “the future of money.” But when you strip away the hype, it fails the most important job a currency must do: **store your economic output reliably over time.**

Its extreme volatility, caused by a *fixed supply*, and *lack of any industrial or intrinsic use* means that it cannot act as a stable currency to transfer economic output between people. You cannot run a household or a business on something whose purchasing power can swing wildly from one day to the next.

### Why does this matter?

Because when you work, you convert your time and effort into economic output. That value needs to hold steady until you spend it. If your money swings wildly in value, your labour becomes unstable too and you soon look for an alternative more stable currency. You want to prevent spending 8 hours labour on the tools and the next day the money you earned is worth 5 hours, meaning you can't buy groceries to feed the family. *More detail in the document.*

### 2. Bitcoin is nothing like Gold

Gold has real-world value — it is used in electronics, aerospace, dentistry, and jewellery. Even without investor demand, gold would still hold an industrial price floor. Bitcoin has no industrial use and no alternate purpose if belief fades. Its value rests entirely on speculation. *More detail in the document.*

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## Bottom Line

Bitcoin is an innovative technology, but **not** a stable currency and **not** a long-term investment. It remains a speculative trading instrument — not a reliable store of value and not the future of money.

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## 7 Helpful Things to Understand About Bitcoin & Monetary Systems

### 1) Bitcoin 's Fixed Supply

Bitcoin was originally designed to be a decentralised currency, but its design makes that impossible at scale.

***It simply cannot work as a currency for the same reason the gold standard ultimately failed: a fixed supply.***

Populations grow. Productivity grows. Economies expand. When that happens, you need more currency circulating to keep the economy functioning smoothly. But Bitcoin has a fixed supply, and a fixed supply in a growing economy creates deflation.

Deflation may sound good on paper, but it is economically destructive:

- People delay spending because their money will be worth more tomorrow
- Delayed spending slows economic activity
- Slower economic activity discourages investment
- Less investment means fewer jobs, less growth, and a more fragile economy

This isn't a bug — it's a design flaw. A usable currency must be able to expand and contract with the economy. Bitcoin is mathematically incapable of doing that. That's the same economic flaw that doomed the gold standard.

Beyond the fixed-supply problem, Bitcoin's real-world behaviour also prevents it from operating as a currency:

- Extreme volatility
- Slow settlement times
- Fees that spike under load
- No mechanism for adjusting supply during recessions or booms

Put together, Bitcoin doesn't behave like a currency and cannot function as one at scale. It produces deflation, volatility, high transaction friction, and economic rigidity — the opposite of what a modern currency needs.

### Fixed Supply vs Economic Growth



*When the economy grows but the money supply doesn't, deflation and instability follow.*

### 2) Bitcoin is nothing like gold

Bitcoin is often compared to gold, but the comparison falls apart quickly.

***Gold has tangible, physical value, while Bitcoin does not.***

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Even if every investor on Earth lost interest in gold tomorrow, it would still be used because it has real-world utility:

- It doesn't tarnish
- It's dense, heavy, attractive, and chemically stable
- It has industrial applications in electronics, aerospace, dentistry, and jewellery

Even in a hypothetical world where gold had zero investment value, it would still be worth something because it is useful. Its price would simply fall until it reached an industrial equilibrium price, where supply and demand stabilise. High-cost miners would shut down, efficient ones would remain, and gold would continue to be used in practical ways.

Bitcoin, by contrast:

- Has no industrial use
- Cannot be used to build or make anything
- Has no alternative purpose if investment demand fades
- Has no floor if belief disappears

If people stop believing in Bitcoin, it doesn't settle at any kind of "use value" the way gold does; it simply collapses, because its value is rooted entirely in collective belief rather than utility. This makes it fundamentally unlike gold in every meaningful way.

The only real similarity between Bitcoin and gold appears during periods of speculative frenzy—when gold is being driven by investment speculation, as it is now—where the greater fool theory dominates behaviour.

Investors aren't buying Bitcoin for its utility or intrinsic value, but because they expect a "greater fool" to pay more later. Once that speculative demand disappears, the price

cannot stabilise at a utility floor (because none exists); it just collapses.

## Bitcoin vs Gold

Gold	Bitcoin
✓ Physical Asset	✗ Digital Only
✓ Industrial Uses <small>(Electronics, Aerospace, Dentistry, Jewellery)</small>	✗ No Industrial Use
✓ Intrinsic Value	✗ Value Based on Belief
✓ Has a Price Floor	✗ Can Go to Zero

## 3) Why Bitcoin Fails the Basic Tests of Money

A real currency must do three basic jobs:

1. Help you measure value (**Unit of Account**)
2. Help you store value (**Store of Value**)
3. Let you buy and sell easily (**Medium of Exchange**)

Bitcoin **fully passes** the *unit of account* test and **technically passes** the *medium of exchange* test — but it fails both of them in economic practice because it cannot store value reliably.

The store of value failure is the decisive one, and it undermines its usefulness everywhere else. Here's the simple rationale:

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## 1. Unit of Account — Full Pass

A unit of account simply means there is a consistent unit you can use to measure value.

Bitcoin passes this, because:

- 1 BTC is always 1 BTC
- The ledger records balances consistently
- The protocol defines units clearly

This makes Bitcoin a legitimate **unit of account** at the technical level.

The *reason* prices are not listed in Bitcoin is not because it fails this test — it's because Bitcoin fails the **store of value** test (volatility), which makes pricing impractical.

### **Result:**

Bitcoin fully passes *unit of account*.

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## 2. Store of Value — The Test Bitcoin Fails

A store of value must preserve purchasing power over time. Said another way, the core purpose of any currency (money) is to **store the economic output of your labour** until you need to use it.

When you work, you convert time and effort into value — and that value must remain stable long enough for you to buy what you need later.

If money cannot hold its value, then every time you needed milk, clothing, electricity, or transport, you would have to directly trade your labour or goods with each individual provider. In other words, you would be forced back into a **barter system**, where your labour today must be matched immediately with someone who wants exactly what you produce (labour or goods).

For example, if you needed milk tomorrow you would need to trade say 15 mins of your

labour to the farmer for it then travel and provide an hour to the electricity generator for the electricity – simply impractical and inefficient.

A functioning currency prevents this problem by storing your labour's value reliably over time, allowing you to earn today and spend tomorrow.

***As Bitcoin cannot hold value predictably, it cannot perform this fundamental role of transferring economic output across time.***

Bitcoin does not hold value over time, because \$200 of BTC today might be \$160 or \$260 tomorrow. These price movements are driven by

- Speculation, not economic fundamentals,
- Its fixed supply creating rigid boom–bust cycles,
- It not having an **industrial use**, so it has **no price floor**,

And if belief fades, the value collapses completely.

Gold, by contrast, has deep industrial use — electronics, aerospace, dentistry, jewellery — giving it real non-speculative demand and a genuine floor price. Bitcoin has nothing comparable.

### **Result:**

***Bitcoin fails decisively as a store of value – therefore cannot function as a currency.***

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### 3. Medium of Exchange — Technical Pass, Practical Failure

Bitcoin can be sent from person to person — so it passes the **mechanical** definition of a medium of exchange.

But it is **not an effective or practical** medium of exchange because:

- Fees can spike dramatically
- Transaction times are slow
- Volatility forces constant repricing
- Merchant acceptance collapses when price falls
- No stabilisation mechanism exists

So while Bitcoin can be used for transactions, it is **not suitable** for day-to-day commerce.

#### Result:

Bitcoin passes medium of exchange *technically*, but fails as an effective real-world currency.

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### So, What Does Bitcoin Actually Pass?

Bitcoin passes:

- **Unit of Account** — fully
- **Medium of Exchange** — technically

Bitcoin fails:

- **Store of Value** — **decisively** (the most important test)

Because it fails the store of value test, the other two tests fall apart in real-world use.

## 4) Why Bitcoin and Crypto Have Value Today — And Why That Value Is Fragile

Bitcoin's value today is not based on economic fundamentals or real-world utility. Its value is almost entirely based on belief, and understanding *who* believes in it, explains why it has held value — so far.

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### a) Early Demand Was Driven by Distrust in the System

Bitcoin launched in January 2009, at a time when global trust in the financial system was at its lowest point in modern history. Banks had collapsed, governments were bailing out massive institutions, and fear was everywhere.

The earliest Bitcoin adopters were not economists or finance professionals. They were:

- Cypherpunks
- Tech idealists
- Libertarians
- People rebelling against banks and government
- People convinced the traditional system was corrupt or broken

Bitcoin arrived at the perfect moment for this mindset. People wanted an escape from the financial system.

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***Bitcoin's timing — not its economics — drove its initial adoption. Many similar ideas failed before Bitcoin.***

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## **b) Criminal Use Added Its Own Source of Artificial Demand**

As Bitcoin grew, a second group joined the system: criminals looking for a semi-anonymous way to move money.

This included:

- Money laundering
- Ransomware payments
- Dark-web marketplaces
- Fraud and scams
- Tax evasion

This demand isn't going away. Crime always exists. Conspiracy thinking always exists. Anti-government rebellion always exists.

***This guarantees some baseline demand for crypto — even if legitimate investors leave.***

But this is not economic value, its black-market and rebellion demand.

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## **c) The Two Things That Could Collapse Bitcoin's Value**

Crypto's long-term price rests on two extremely fragile pillars:

### **i. Investor Behaviour (The Excitement Cycle)**

If investors get bored, lose confidence, or simply realise they can get better returns elsewhere, demand disappears.

If Bitcoin delivers flat or negative compounded returns over a 5-year period, the entire “it keeps going up” story dies — and once that narrative collapses, mainstream investment demand evaporates.

Crypto relies on new money entering constantly. When that slows down, prices collapse.

### **ii. Government Action (The Tax and Control Problem)**

Governments must be able to:

- Charge tax
- Enforce contracts
- Maintain stability
- Control the money supply

Crypto undermines all of these. So, if crypto threatens monetary sovereignty, governments will restrict or outlaw it.

The idea that “the free market will sort itself out” has already been disproven. The 2008 crisis showed that markets without rules collapse into:

- Greed
- Stupidity
- Systemic failure

Markets need a referee. Crypto has no referee.

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Governments will not allow:

- Untaxed money
- Unregulated capital flows
- Parallel monetary systems
- Criminal payment rails
- Something that removes their ability to fund public services

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## d) The Core Flaw in the “Government Is Bad” Argument

Bitcoin’s long-term survival assumes governments will simply accept a system that removes their economic power.

But that assumption is fantasy — because society itself cannot function without government.

We need government for:

- Law and order
- Education systems
- Healthcare systems
- Courts and property rights
- The judicial system that enforces contracts
- Police to secure digital and physical infrastructure

Without these:

- There is no economy
- There is no enforcement of contracts
- There is no protection of property rights
- There is no functioning internet
- And therefore, there is no way to transfer Bitcoin at all

***If no authority enforces property rights or punishes interference with digital infrastructure, the entire foundation of crypto collapses instantly.***

The idea that a prosperous society can exist with no government, no legal system, and no enforcement of rules comes from a fringe group of extreme anti-government idealists. In our view, this belief has no grounding in economic reality, history, or common sense.

## 5) Bitcoin Cannot Be a Reserve Currency

Some people claim that Bitcoin will replace the US dollar as the global reserve currency. This ignores a simple reality: if something cannot function as a day-to-day currency, it cannot function as a reserve currency for nations.

A reserve currency must be able to support:

- Growing and shrinking populations
- Changing productivity
- Global trade flows
- Liquidity needs across continents
- Shock absorption during crises

To do this, a reserve currency must have an elastic money supply. Bitcoin cannot provide this. Its fixed supply makes it fundamentally incapable of expanding or contracting as global economic conditions change. This is the same flaw that destroyed the gold standard, and it becomes even more destructive at global scale — leading to inflexible money supply, deflation, trade imbalances, and economic stagnation.

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Even gold cannot fulfil modern reserve-currency requirements. The very problems that killed the gold standard would return again, only worse.

For that reason, a reserve currency must be fiat. Not because governments are perfect, but because someone must be able to adjust supply during expansions, recessions, demographic changes, emergencies, and global shocks.

If the USD eventually loses reserve-currency status (as the British pound did), that does not mean Bitcoin or gold automatically takes its place. The world will choose another fiat currency issued by a nation with:

- A stable political and legal system
- A trusted central bank
- Large, deep financial markets

This is because only fiat currencies can expand and contract with the global economy.

## ***Bitcoin and gold share the same fatal flaw: fixed supply.***

And a fixed supply is incompatible with the requirements of a modern global reserve currency — or global economic stability.

## **6) Fiat Isn't Perfect — But It's the Only System That Can Actually Work**

Fiat currencies have flaws. If governments become corrupt, reckless, or incompetent, fiat systems can collapse through hyperinflation. History is full of examples:

- Weimar Germany in the 1920s
- Zimbabwe in the 2000s

- Venezuela in the 2010s
- Argentina multiple times over the last 50 years

When governments can't be trusted, societies suffer — deeply. Hyperinflation destroys:

- Savings
- Contracts
- Pricing systems
- Business confidence
- The ability for people and companies to plan

And recovery takes years or even decades. But here's the key point:

**Fiat currencies fail because of human mismanagement — not because the fiat system is mathematically broken.**

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Systems like Bitcoin, gold standards, and pegged currencies fail because they are mathematically rigid. They cannot adjust to:

- Changing populations
- Shifting productivity
- Business cycles
- Economic shocks
- Crises and recessions

Fiat currencies *can* adjust. That is why every major economy on Earth uses fiat, and why no advanced economy uses Bitcoin, gold, or any other fixed-supply currency. In other words:

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## ***The real risk isn't fiat itself — it's greed and stupidity that aren't managed.***

Greed and stupidity create the conditions for corruption, fraud, and incompetence inside the institutions that manage fiat systems.

In a democratic society, it is our responsibility to prevent leaders and institutions from undermining the system through corruption, fraud, or incompetence.

We do this by voting wisely and choosing capable, accountable people. In any other form of government, citizens have no such safeguard — they are simply waiting for a tyrant to eventually destroy the system, as history has shown time and time again.

Fiat works when institutions work. Fiat collapses when institutions collapse.

Fiat currencies are not perfect — but they are the only system that can be adjusted to fit a changing world, and the only system capable of supporting modern economies.

## **7) The System Isn't Perfect — But It's the Only One That Can Succeed Long Term**

If we went back to a gold standard tomorrow, people would not suddenly appear wealthier. The existing money supply would simply be split across the fixed amount of gold to back the currency. Everyone's currency would be converted into a share of the gold stock — nothing more. No extra wealth is created.

But as the population grows and productivity increases, the amount of currency required per person must rise to keep the economy

functioning. Under a gold standard, that cannot happen, because the money supply is tied to a metal whose supply grows extremely slowly.

Over time, the same mathematical failure that collapsed the gold standard in the past would reappear:

- Economies grow faster than gold supply
- More people compete for the same fixed backing
- Deflation sets in
- The system becomes rigid and economically destructive

It is mathematically inevitable, regardless of the timeframe.

Bitcoin has the same flaw — except worse, because its supply is absolutely capped forever. It cannot expand to match population growth, productivity, global trade, recessions, or economic shocks.

Fiat currencies, on the other hand, only fail when societies allow their institutions to decay.

That means the answer to monetary stability is NOT:

- Bitcoin
- Gold
- Currency pegs
- Hard-money systems
- Decentralised monetary systems

The answer is:

- Strong institutions
- Anti-corruption protections
- Competent central banks
- Transparent government

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- Public accountability

***If we uphold these things, fiat currencies can support long-term prosperity indefinitely.***

If we lose them, no monetary system can save us — and Bitcoin certainly can't, because it is not built to function as a currency.

## Conclusion

### #1 Should you buy Bitcoin?

**No — not as a long-term investment.**

Bitcoin's design makes stability impossible meaning you cannot store the value of your economic output (generally labour).

Its value depends entirely on speculation, and it cannot perform the basic economic functions of a currency.

Blockchain technology has real potential, but **Bitcoin itself does not have a viable long-term economic role.**

It is a speculative trading instrument (for as long as it exists) — **not** a durable, stable, or future-proof currency.