

## Bitcoin Basis 10 – Hard geld vs fiat

To explain the role of bitcoin as "hard money", we first look at the term "fiat".

Fiat is government-issued and distributed money without underlying value, only supported by the government's promise to accept it as a means of payment.

Fiat enables governments to support rapid economic development and promote trade, but it also has risks, such as value and purchasing power declines and inflation.

With all forms of money, those who can produce it will produce more of it once the value or political need for it rises. We see this happening repeatedly throughout history.

In contrast to fiat, bitcoin is a form of "hard money", mainly due to the mathematically provable scarcity that cannot be influenced by central authorities.

In the financial world, elasticity refers to the degree to which producers change their demand or supply in response to changes in price or income.

Bitcoin does not have this elasticity, unlike the very high elasticity of fiat. This characteristic also makes bitcoin hard money, valuable for trade, storage of value, and calculating real profit or loss.

Therefore, bitcoin is an attractive option for those seeking protection against inflation and an alternative to fiat. At the same time, it provides more control over your finances because you truly own it.

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