

# Fertile Obfuscation and the Alberta Buck

## A 25-Year Retrospective

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In 2000, an economist at the University of Alberta wrote a paper asking a question that nobody could answer. Twenty-five years later, we can. (PDF, Text)

"What is required is reform of monetary policy for all nations where money creation is reoriented to the source of the real economy, including natural, human and social capital. How would such a 'natural capital/commodity-based' currency be constructed?"

– Mark Anielski, *Fertile Obfuscation* (2000), p. 48

## 1 The Paper

Mark Anielski presented "Fertile Obfuscation: Making Money Whilst Eroding Living Capital" at the Canadian Economics Association conference in June 2000. He was then at the University of Alberta's Faculty of Business and the Pembina Institute in Edmonton.

The paper makes five claims. All five are correct.

**First:** modern economics has abandoned *oikonomia* – the Greek root of "economics," meaning the management of the household – in favour of *chrematistics*: the manipulation of money for short-term gain. GDP measures monetary transactions. It does not measure whether families are doing well.

**Second:** GDP is a wartime accounting tool, designed by Keynes in 1939 to finance the British war economy. It was never intended to measure well-being. Its architect, Simon Kuznets, spent his career warning against misusing it. He was ignored.

**Third** – and this is the claim that matters – banks do not lend existing money. They create new money each time they issue a loan. Over 98% of the money supply is debt-money created by private banks. Canada eliminated reserve requirements entirely in 1991.

Anielski quotes Galbraith:

"The process by which banks create money is so simple the mind is repelled. Where something so important is involved, a deeper mystery seems only decent."

And Graham Towers, former Governor of the Bank of Canada:

"Each and every time a bank makes a loan, new bank credit is created – new deposits – brand new money."

**Fourth:** the evidence shows that while financial indicators grew exponentially from 1950 to 1998 (US debt up 3,262%, stock markets up 6,060%), 18 of 28 well-being indicators declined. Leisure time fell 19%. Family breakdown increased 174%. Income inequality worsened dramatically – 70% of the rise in average family income between 1977 and 1989 went to the top 1%.

The economy was growing. Families were not.

**Fifth:** without reforming money creation itself, no other economic reform will be sufficient. Anielski:

"Without fundamental changes in the current thinking of finance – the nature of money and its creation – the other significant economic structural changes they proposed would prove insufficient."

This is the foundational insight of the Alberta Buck.

## 2 What He Got Right

Almost everything. The mechanism by which banks create money from borrowers' assets and charge interest for the privilege is exactly what the Alberta Buck's malfeasance analysis documents – and what Werner would empirically demonstrate in 2014, fourteen years after Anielski wrote.

The disconnect between financial growth and well-being has only widened. Alberta's birth rate is now 1.41 – 34% below replacement. Housing costs 10-15 times income. Young Albertans are leaving. These are precisely the *oikonomia* failures Anielski predicted.

And the obfuscation persists. Most people still don't know how money is created. Most economists don't discuss it. The Bank of England published the truth in 2014. Nothing changed.

## 3 What He Could Not Solve

The deeper problem is visible in Anielski's intellectual foundation. Frederick Soddy – the Nobel chemist who spent twenty years on monetary economics and was dismissed as a crank – got the diagnosis exactly right:

"The essential feature of money is that it is a legal claim to wealth over and above the wealth in existence, all of which in an individualistic society is already in the ownership of others independently of this claim."

– Soddy, *Virtual Wealth* (1934); cited in Anielski p. 25

Bank-created money is a claim on *other people's* wealth. Correct. But Soddy drew the wrong conclusion: "No private person should be allowed to create [money] for himself. All, equally, should have to give up for money the equivalent value in goods and services before they can obtain it."

Soddy saw two options: banks create money (from nothing, claiming others' wealth), or nobody creates money (commodity money, earned first). He chose the second. So did Anielski, Daly, and every reformer since – all proposing 100% reserves or state-controlled issuance, all requiring the institutions that profit from the current system to dismantle it.

There is a third option they did not consider. The person who *owns* the wealth creates money from it. A homeowner who issues BUCKs against insured equity is not creating "a claim to wealth in the ownership of others." They are creating a claim on wealth they already own – limited to it, backed by insurance on it, and benefiting directly from its issuance.

That is not Soddy's "perpetual motion machine of making money out of nothing." It is making money out of *something*, by the person who created that something.

Twenty-five years of inaction confirm that asking the money power to reform itself doesn't work. But the question was never really about reform. It was about who should create money.

## 4 What Changed

Five technologies that didn't exist in 2000:

Technology	2000	Today
Blockchain	Did not exist	Bitcoin 2009, Ethereum 2015
Smart contracts	Did not exist	\$100B+ TVL in DeFi
Parametric insurance	Nascent	Mature, regulated
Asset tokenisation	Theoretical	MakerDAO: \$5B+ in RWA
PID value stabilisation	Industrial	Applicable to monetary systems

These solve the four problems that kept Anielski's vision theoretical: fungibility (making claims on houses interchangeable as tokens), attestation (verifying ownership without armies of inspectors), discount-free trading (insurance eliminates liquidation risk), and stability (PID controllers maintain purchasing-power parity against commodity baskets).

That last point is worth pausing on. Anielski highlights Kuznets' lifelong challenge:

"Devising a single yardstick" and "more inclusive measures" that would "take greater cognizance of the aspects of economic and social life that do not now enter national income measurement (GDP)."

– Kuznets (1965), cited in Anielski p. 8

The Alberta Buck's BUCK\_K controller may be the simplest version of that yardstick. It measures wealth in terms of the commodities and labour required to re-create it: energy, agriculture, metals, and person-hours. A house is worth whatever it takes to build another one. That's not GDP. It's the physical replacement cost of real wealth, expressed in things humans actually need.

Anielski's GPI and the ISEW contain further indicators – income inequality, environmental degradation, leisure time, family breakdown – that could strengthen the BUCK's commodity basket as decentralised oracles become available to collect that data. A BUCK valued against measurable social and ecological outcomes, not just commodities, would be precisely the "living capital" currency Anielski and Soddy argued for.

## 5 Bottom-Up, Not Top-Down

This is the key difference.

Anielski needed governments to abolish fractional reserve banking. The Alberta Buck needs nothing from Ottawa. It operates under existing provincial law – property rights, insurance, contracts, all Section 92(13) jurisdiction. It doesn't compete with the dollar. It doesn't affect monetary policy. Anyone who prefers a traditional mortgage can still get one.

It simply gives families a third option: access your own wealth directly, paying insurance instead of interest.

Anielski assumed honest money requires honest regulators. But his own paper documents why regulators are structurally outmatched. The Alberta Buck takes a different approach, which we call decimation: replace one big auditor with many small verifiers, each with skin in the game.

We don't prevent counterfeiting by hiring inspectors to check every banknote. We design the notes so everyone can verify them, every transaction – watermarks, holograms, special paper. The Alberta Buck does the same for money creation: competitive insurers attest specific assets, putting their own capital at risk. Everything is public. Accurate attestors earn premiums. Inaccurate ones lose money. The integrity emerges from the structure, not from oversight.

The banking system isn't dismantled. It's offered a transition: from interest extraction to fee-based services (custody, attestation, insurance administration). The banks that move first capture these new revenue streams.

Anielski's Requirement	Alberta Buck
Money tied to real wealth	BUCKs backed by insured, attested assets
Elimination of <i>ex nihilo</i> creation	Citizens create money from <i>existing</i> equity
Living capital accounts	On-chain attestation with deterministic depreciation
Community-level monetary autonomy	Provincial jurisdiction under s. 92(13); voluntary adoption
Money serves oikonomia	No interest; insurance only; wealth stays with families

This is the reform that eluded Soddy, Douglas, Fisher, Daly, and Anielski: making the alternative so attractive that the existing system evolves by market pressure rather than legislative fiat.

## 6 Twenty-Five Years

Anielski wrote from Edmonton in 2000. His reforms required action from Ottawa, Washington, and Basel. Nothing happened.

The diagnosis is the same. Alberta families pay \$23 billion per year in interest on money created from their own assets. The birth rate has collapsed. Young Albertans are leaving. The province borrows against assets it already owns.

But the prescription has changed. The technology exists. The constitutional authority is clear. The transition is mapped.

Anielski asked how a "natural capital/commodity-based" currency could be constructed. The answer is the Alberta Buck.

The only remaining question is whether Alberta will build it.