The Alberta Buck - The Best Bad Money

Gresham Was Right – So Choose Your Bad Money Well.

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Gresham's Law says that bad money drives out good: given two monies, people spend the one that is boring or slowly losing value, and keep the one that might appreciate. This is usually taught as a pathology. It is actually a design specification. The money that circulates is *always*, by revealed preference, the "bad" money – so the only interesting question is: *which bad money is best?*

Every traditional path to spendable liquidity costs you something dear. You can *earn* it: too slowly, in money that will not hold still. You can *sell* for it: surrendering the very asset you were keeping because it was worth keeping. You can *pledge* for it: money *conjured* against your wealth by counterparties the old stories warned you about, on terms with ancient teeth. Or – the fourth way – you can *mint* it. The Alberta Buck (BUCK) is liquidity drawn from wealth you *keep*: no payments, no schedule, a single gentle obligation that ends on your terms – or, given time, quietly ends itself. Deliberately, boundedly, *honourably* bad, the BUCK may be the best bad money there is: all of the spendability, none of the forfeiture. What follows is the menu, priced. (PDF, Text)

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1 Gresham's Law Is a Design Spec

In 1560, Sir Thomas Gresham explained to Elizabeth I why her treasury kept filling with clipped coin while the full-weight silver vanished: everyone pays with the worst money they can legally tender, and keeps the good. "Bad money drives out good."[1]

We teach this as a monetary disease. It's just a description of rational people. Nobody buys groceries with the deed to the farm. You pay with airline points before cash, cash before shares, shares before the quarter section. Whatever might appreciate, you keep; whatever is boring or bleeding value, you spend. The circulating medium is always the *bad* money.

Silvio Gesell tried engineering it: *Freigeld*, money made deliberately, mildly bad – a small carrying fee, so it circulates instead of hoarding. Wörgl, Austria tried it in 1932, a small mid-Depression miracle, until the central bank shut it down. Keynes: "the future will learn more from the spirit of Gesell than from that of Marx."[2]

So stop pretending anyone will spend good money. The honest question:

> You *will* spend bad money. Which bad money is best – the cheapest to obtain, the safest to owe, and the least tragic to let go of?

2 The Menu of Bad Money

Say you need venture-sized liquidity: seed for a quarter section, the second truck, the down payment. Your wealth is ample but illiquid – the land, the equipment, the house. The traditional menu has three items, each priced in something you'll miss.

2.1 Earn it (fiat)

Sell your labour for dollars. Fiat is *impressively* bad money: its debasement unbounded, compounding, and hidden. Fine for cash flow; but you can't earn venture-scale liquidity on venture timelines. Economists call this the *liquidity constraint*: wealthy on paper, illiquid at the moment it matters.

2.2 Sell the good money (the commodity path)

Liquidate the asset. Commodity money – gold, Bitcoin, the proceeds of the farm – is *substitutionary*: you hold the money *instead of* the wealth, never both at once (The Missing Monetary Element). Gresham winces: you've surrendered exactly the appreciating asset he told you to keep. A sale is not a risk but a *certainty* – upside gone, capital gain triggered, irreversible.

2.3 Pledge it to the conjurers (the credit path)

Or borrow against it – from a party who isn't lending money they have. A bank writing a mortgage conjures the deposit from nothing, against your signature,[3] and takes two claims for the trick: a lien

[1] "Bad money drives out good" when both must circulate at par: the depreciating money is spent, the superior hoarded. See Selgin, G. (1996) *Salvaging Gresham's Law*. And when the better money is also *cheaper to use*, it wins the tills too (transition analysis): the BUCK wins from both directions.

[2] Gesell, *The Natural Economic Order* (1916); Fisher, *Stamp Scrip* (1933); Keynes, *The General Theory* (1936), ch. 23. Wörgl's stamp scrip (1932-33) revived the town until the Austrian National Bank asserted its monopoly.

[3] Werner, R.A. (2014), "How do banks create money, and why can other firms not do the same?" *International Review of Financial Analysis*; confirmed by the Bank of England (McLeay, Radia & Thomas, 2014). The Missing Monetary Element shows this privilege is precisely Claim money – minted from the borrower's own wealth, with the borrower billed for the service.

on wealth you already own, plus payments from income you haven't earned – $603,016 of interest on an $800,000, 25-year mortgage[4] – with forfeiture underneath if your enterprise stumbles.

The old stories were franker about this bargain: gold spun from straw, payment due later in something you love – Rumpelstiltskin ran a tidy little credit desk. For fifteen centuries the interest was called *usury*; the forfeiture, a pound of flesh by the time Shakespeare notarized it. Today's lenders are politer, but the contract is unchanged since antiquity: *tribute while the venture lives, the pledged thing itself if it dies.*

2.4 The menu, priced

Path	You give up	While it runs	If your venture fails
Earn fiat	Time (and to inflation)	Debasement, hidden	Nothing new – but too slow
Sell the asset	The asset, its upside	Nothing	The asset is already gone
Borrow against it	Your future income	Interest, compounding	Foreclosure: asset forfeit

Three ways to obtain bad money, all priced in good – your wealth, your upside, or your safety.

3 The Fourth Bad Money

The Alberta Buck adds the missing line: *Claim money* – liquidity minted against attested, insured wealth you continue to own and use.

The mechanics are the bank's, minus the bank. The asset is attested (like a house inspection) and insured (~0.5%/yr), and a lien is registered – held by the *insurer*, who actually carries the risk. There is no lender. You mint BUCKs against the insured value and spend them. Same asset, same insurance, same lien. No interest, because there is no one to pay it to.

One point trips even careful readers: the BUCKs you mint are *not* claims on your farm. No one can present them at your gate demanding five square metres – any more than a bank depositor can foreclose on a stranger's mortgage because his chequing balance is "backed by loans." Bank deposits have always had exactly this structure: fungible to every holder, specific to every borrower. The farm doesn't back *your* BUCK; it backs *the* BUCK. No BUCK remembers which farm minted it – but every farm remembers how many BUCKs it owes. And each is worth a fixed slice of a commodity basket – energy, metals, grain, stable in aggregate by thermodynamics – never the price of the wobbling assets behind it: *insured where it wobbles, measured where it doesn't.*[5]

And once they're spent? No payments, no schedule, no compounding meter. Your whole covenant: **maintain the wealth that backs them** – keep it yours, keep it insured. It ends one of two ways, both on your terms:

1. **Redeem.** Whenever you like, gather BUCKs – earn them, buy them – and return them. The lien lifts. No penalty, no permission, no discharge fee.

[4] $800,000 at 5% over 25 years: $4,676 monthly, $1,403,016 total. See "The Two Claims Behind Every Mortgage" in The Alberta Buck.

[5] So is the BUCK an "asset-backed token," or a money? It is a money whose issuance is governed neither by geology (gold), nor by math and time (Bitcoin), nor by decree (fiat), but by the attested wealth of the economy and its owners' desire to unlock liquidity from it – specific at the mint, fungible in circulation, specific again at redemption. See "Asset-Backed Token, or Money?" in the Objections paper for the full resolution.

2. **Wait.** Idle BUCKs pay a flat 2%/yr demurrage, never burned: it funds the **Jubilee Fund**, whose only job is retiring collateral liens. Fifty years of 2% is the whole face value – do nothing, and the system amortizes your lien *for* you.[6] Every lien ships with a fuse.

Then what's the hurry to redeem? There isn't one, and no one is harmed by waiting: the BUCKs you spent circulate fully backed, their parking fees quietly retiring your lien – redeem at year 25 and the Jubilee already covers half. The reasons to redeem are practical, not moral: an encumbered asset can't be sold or pledged twice; premiums run until the lien closes; and the BUCK doesn't inflate, so waiting never shrinks what you owe into a bargain. The Israelite redeemed his land early, rather than waiting for the Jubilee to return it free, because he wanted it back *now* – as you will, the day you sell the house, move, and mint against the next one. Under a mortgage, time compounds against you; here it works for you either way.

4 What Can Actually Go Wrong

"Lowest risk" is a claim, so inspect the failure modes. You've minted BUCKs against the farm and funded the venture. Now the world misbehaves.

4.1 Your venture fails

Had you sold the farm, it's gone however the venture went. Had you borrowed, the payments don't care that the venture died: miss enough and the lender forecloses – enterprise risk lands on the homestead. With BUCKs, nothing happens. No payments to miss, so no default; no lender, so no foreclosure. Your venture failed; your wealth didn't notice.

4.2 The market crashes

Margin desks and DeFi protocols force-sell your collateral at the bottom of the dip – foreclosure, just algorithmic (Insurance vs. Liquidation). BUCK credit rides the *insured* value, not the ticker: volatility isn't an insurable event, so it can't take your asset. A system-wide correction arrives as a gradual `BUCK_K` adjustment, never a forced sale. There are no margin calls on a farm that stays a farm.

4.3 The asset actually burns down

Under a mortgage, the insurance you paid for pays *the bank*; you still owe the balance, and the bank governs the rebuild. With BUCKs, the insurer's payout *extinguishes* your obligation, the insurer takes the salvage it paid for, and the surplus is yours – rebuild or not, as you choose. You lose exactly the thing that burned, and nothing else.

[6]The Jubilee Fund accrues 2%/yr on all outstanding BUCKs, mirroring holders' demurrage; at lien close it contributes the elapsed fraction of the face value, the issuer the rest – so a full 50-year lien retires entirely on the Jubilee (Demurrage and the Jubilee Fund). The fuse is ancient: Leviticus 25:25-28 prices early redemption of family land by the years remaining to the Jubilee – the BUCK's exact proration.

4.4 The worst case, tabulated

Event	Sold the asset	Borrowed against it	Minted BUCKs against it
Venture fails	Asset long gone	Foreclosure	Nothing – no payments exist
Market crashes	(already sold)	Margin call / underwater	No forced sale, ever
Asset destroyed	(already sold)	Insurer pays bank; you owe	Insurer pays; obligation ends
You do nothing, 50 yrs	–	Compounding ruin	Lien fully retired by Jubilee

The BUCK is the only line on the menu whose worst case is *you keep your stuff.*

5 Boundedly, Honourably Bad

Now the cheerful confession: yes, the BUCK is built to be *spent.* Demurrage is Gesell's pressure with the sharp edges engineered off: a flat 2% a year, linear, never compounding, accruing only on idle balances. A parking fee on stationary liquidity, not a tax on savings – and not inflation: *inflation is unbounded, compounding, hidden, and falls on every dollar everywhere; demurrage is flat, bounded, in the contract, and falls only on BUCKs sitting still.* Never burned or pocketed, every cent funds the Jubilee retiring liens – including yours. Your money's little badness is the sinking fund for your own collateral.

And it is little: an idle BUCK$5,000 accrues about BUCK$100 a year – probably less than your bank fees – with no inflation gnawing the principal. Held like cash, the BUCK already stores value better than the dollar. Value you mean to keep goes in the BuckBasket, which has historically out-earned the fee, or BUCK Notes, which carry even an inheritance for decades at nearly nothing. Hold it like cash and it beats the dollar; put it to work and it grows; store your wealth behind it and that holds best of all.

6 Gresham, Perfected

Fiat fights Gresham's Law and loses ugly: when the official money is bad in the *unbounded* way, people flee into anything that holds value, and the "good money" everyone hoards becomes houses – priced like vaults, because that's what we made them.

The hard-money camp fights the same law from the opposite bank. Hyperbitcoinization – the thesis that Bitcoin, now fast and cheap to spend over Lightning, will drive out other money – has Gresham exactly backwards: it is the *bad* money that drives out the good, and Bitcoin is the best good money ever engineered. Twenty-one million coins, incapable of debasement, priced for appreciation – of *course* nobody spends it. Lightning solved the fees; it cannot solve human nature. Bitcoin's founding parable warns against spending (ten thousand coins for two pizzas); its battle cry is *HODL* – a drunken misspelling of "hold", meaning *never sell.* That is not a failed currency. It is a magnificent vault, doing exactly what Gresham said good money does.

So the BUCK offers the maximalist what no payment rail can: attest and insure the stack, mint BUCKs against it, and spend *those* – Bitcoin in the vault backing the system, BUCKs in the till running it[7] – the wealth-backed economy delivered, without the one act the creed forbids.

The BUCK doesn't fight the law; it enlists it. Spend the bad money: cheap to mint, costless to owe, its decay paying down your own lien. Keep the good: the land, the house, the shop – still

[7] Bitcoin is *commodity money* in the Commodity / Credit / Claim triad: acquiring it costs wealth, and you hold the coin *instead* (The Missing Monetary Element). The BUCK is its on-ramp, not its rival: mint against the farm (or the stack) and buy Bitcoin without selling anything. See "Why Not Just Bitcoin?" in the Objections paper.

yours, still appreciating, now *emitting liquidity*.[8] Both preferences finally point the same direction, and nobody loses the farm to fund the future.

Bad money drives out good – and for once, the good money never leaves your yard.

[8] All within provincial property-and-civil-rights jurisdiction: fiscal autonomy, not monetary rebellion – the BUCK replaces *borrowing*, not the Canadian dollar (Legal Foundation).