Alberta Buck - Financial System Malfeasance (v1.1)

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Jackson and Kotlikoff (2020) demonstrated formally what historians have documented for three centuries: banking crises are caused by *malfeasance*, not liquidity shortfalls. Banks fail because risks are misrepresented, not because depositors are irrational. Opacity is the enabling condition.

But Kotlikoff's analysis, rigorous as it is, omits the most pervasive structural issue of all: the misrepresentation of money *issuance* as money "lending." Commercial banks do not lend existing funds. They create new money – at zero marginal cost – against the value of assets their customers provide. They then charge interest on this costless creation as though real capital had been deployed. This is not a flaw in banking – it is how banking evolved. And the people who work in banks, from tellers to CEOs, overwhelmingly don't understand the mechanics any better than their customers do.

Kotlikoff's prescribed remedy – government-mandated real-time disclosure of all bank assets – is correct in principle but unachievable in practice. It proposes to surveil a system whose complexity and opacity are *features, not bugs* – sustained by institutional inertia and the interests they serve.

This paper argues for an inversion: instead of top-down inspection of large, opaque institutions by centralized authorities, implement bottom-up *decimation* – verification of small, fundamental financial operations by many independent agents who are rewarded specifically for their accuracy. The Alberta Buck architecture implements this inversion using blockchain transparency, parametric insurance, and competitive attestation markets.

The call to action is not to regulate banking harder. It is to make banking's extractive function unnecessary, through voluntary adoption of wealth-backed money creation – and to invite forward-thinking financial institutions to participate in the transition rather than be displaced by it. (PDF, Text) Version 2: (PDF, Text)

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1 The Wrong Question

For a hundred years we have been asking: how do we make banks safer?

It is the wrong question – not because bankers are dishonest, but because the system's architecture is the problem. Your brother-in-law who manages a bank branch isn't doing anything wrong. He processes mortgages exactly as trained, follows every regulation, and genuinely believes he's lending the bank's money to help families buy homes. Most bank employees have never examined the actual accounting entries that create money from nothing – because they don't need to. The system works precisely because the people inside it don't need to understand how it works.

Jackson and Kotlikoff's 2020 paper, "Banks As Potentially Crooked Secret Keepers"[1], provides the formal proof. In a rigorous overlapping-generations model calibrated against historical data, they demonstrate that banking crises are not liquidity events. They are *malfeasance* events. Banks don't fail because depositors panic irrationally. Banks fail because someone discovers that risks were misrepresented. The panic is *rational*.

Their historical survey is devastating. The South Sea Bubble: insider trading. The Panic of 1825: investments in an imaginary country. The Panic of 1907: a failed attempt to corner copper stocks. The Great Depression: the Ponzi schemes and frauds catalogued by the Pecora Commission. The 2008 crisis: liar loans, no-doc loans, NINJA loans, ratings shopping, unreported CDS positions, and asset-backed securities so complex that their own creators couldn't value them.

In every case, the sequence is the same: malfeasance occurs under cover of opacity; the malfeasance is discovered; investors rationally withdraw capital; the banking sector contracts; the real economy suffers. Liquidity crises describe *how* banks fail. Bad news about bad banking explains *why*.

This pattern is not a series of unfortunate accidents. It is the system working as it evolved – not because anyone designed it to fail, but because opacity and information asymmetry are structural features of intermediated finance.

The question we should be asking is: why do we have a financial system that requires opacity to function?

2 What Kotlikoff Proved

Kotlikoff's model is elegant. There are two sectors: farming (direct investment, safe, lower returns) and banking (intermediated investment, risky, higher potential returns). Banks exist because they have superior knowledge of productive investments – their total factor productivity is higher. Households invest through banks because the expected return exceeds what they could achieve on their own.

But a proportion of bankers are "bad" (in Kotlikoff's terminology – self-interested actors exploiting information asymmetry, not necessarily criminals). They misallocate or destroy a share of the output entrusted to them. This share follows a Markov process: when it's high today, it's likely high tomorrow. Households can observe last period's aggregate losses, but they can't tell which bankers are competent and honest and which are not *before* handing over their money.

The results are stark. In calibrated simulations, 21.8% of total output is lost to malfeasance on average. When the malfeasance state is high, 27.2% is lost, and productive output drops 24.7%. Capital is perpetually misallocated because households can never be sure where their money is really going.

[1] Jackson, Timothy and Laurence J. Kotlikoff, "Banks As Potentially Crooked Secret Keepers" Department of Economics, Boston University, May 28, 2020.

This is not a model of rare financial crises. It is a model of a *permanently* underperforming system. The economy operates well below its potential at all times, because the information asymmetry between bankers and everyone else means resources are always partly misdirected.

Kotlikoff then evaluates two conventional remedies. Deposit insurance eliminates bank runs but *sustains bad banking* – it induces households to invest everything in banks regardless of risk, producing an excess burden of 7.9% of consumption. Private monitoring helps slightly (1% welfare gain) but collapses under free-riding: once one person investigates and the results become known, nobody else bothers to investigate. Information is a public good. Markets underprovide it.

His prescribed solution is radical transparency: real-time government disclosure and verification of *all* bank assets and liabilities. If the government reduces the malfeasance share by 40 percentage points (his "high disclosure" scenario), welfare improves 67% over the baseline.

This is correct in principle. Turning the lights on is always better than stumbling in the dark. But it misses something important.

3 The Malfeasance Kotlikoff Didn't Name

Kotlikoff's definition of malfeasance is deliberately broad. It includes fraud, negligence, incompetence, hidden fees, portfolio churning, cream-skimming, and the exploitation of proprietary information. He notes that "there are lots of legal ways to steal."

But the most consequential form of malfeasance is one so deeply embedded in the structure of finance that most people – including most economists and most bankers themselves – don't recognize it at all. It is the systematic misrepresentation of money *issuance* as money "lending."

This matters because it transforms Kotlikoff's model from a story about bad apples in an otherwise sound barrel to a story about a barrel that *structurally produces* bad outcomes regardless of the intentions of the people working within it. The problem is not individual dishonesty *within* the banking system. The problem is the system's architecture.

3.1 What Actually Happens When You Get a Mortgage

When an Alberta family walks into a bank seeking a mortgage, here is what they believe happens: the bank has money; the bank lends them that money; they repay it with interest over 25 years; the interest compensates the bank for the loss of use of its funds during that period.

Here is what actually happens, as documented empirically by Werner (2014)[2] and confirmed by the Bank of England (2014)[3]:

The family presents the bank with *two* valuable assets.

Asset 1 is the house. Worth, say, $505,000. It is real. You can live in it. It sits on land that Alberta's government surveyed and titled. It was built with the labour of Alberta tradespeople using Alberta materials.

Asset 2 is a contract: the family's signed promise to pay the bank roughly $24,000 per year for 25 years – approximately $600,000 total. This payment stream, discounted to present value at market rates, is worth approximately $380,000. This contract is also a real asset. It is a legal claim on the family's future income, enforceable in Alberta courts.

The bank then takes Asset 2 (the loan contract) and records it as a new Asset on its balance sheet. Against the value of Asset 2, it creates a new Liability: a "customer deposit" of $380,000.

[2]Werner, Richard A. (2014). "How do banks create money, and why can other firms not do the same?" International Review of Financial Analysis, vol. 36, pp. 71-77.

[3]McLeay, Michael, Amar Radia, and Ryland Thomas. (2014). "Money in the Modern Economy" Bank of England Quarterly Bulletin.

This deposit is the "money" the family receives. It did not exist anywhere in the economy until the moment the bank typed it into existence.

The bank secures Asset 2 with a lien against Asset 1. If the family fails to maintain their stream of payments, the bank seizes the house.

At any time, the bank can package up Asset 2 and sell it on secondary markets – as a mortgage-backed security, a collateralized loan obligation, or a covered bond – receiving its present value in existing money and removing both the asset and the liability from its books.

Werner's key insight is *what doesn't happen*. No vault is opened. No existing depositor's balance decreases. No reserves are transferred. No money moves from anywhere to anywhere. The bank simply reclassifies its liability from "accounts payable" (what it owes the borrower under the loan contract) to "customer deposit" (what the borrower can spend). This reclassification is possible *only* because banks are exempt from Client Money Rules that prohibit every other type of firm from doing the same thing.

The entire operation costs the bank nothing. The marginal cost of creating $380,000 is zero.

Yet the family will pay $220,000 in interest over 25 years, and will lose their home if they cannot maintain payments on money that was created from *their own* creditworthiness and *their own* collateral.

3.2 Why This Is Malfeasance

Look at what actually happened.

The bank did not lend the family money. It created new money from the family's own assets and income, then charged them for the privilege. Nobody at the bank intended this as exploitation – the loan officer followed standard procedures, the compliance department verified the paperwork, and everyone involved genuinely believed a service was being provided. But the family provided *everything* of value in the transaction: the house, the income stream, the insurance payments (protecting the *bank's* asset at the *family's* expense). The bank provided an accounting entry made possible by a regulatory exemption.[4]

If any other entity – a pension fund, a stock broker, a corporation – tried this, it would be illegal. The Client Money Rules require that when a non-bank makes a loan, it must draw down existing funds. The non-bank's balance sheet doesn't expand. It *can't* create money out of nothing because it must segregate client funds from its own liabilities.

Banks can do it *only* because they are specifically exempt from these rules. They are the only entities in the economy permitted to reclassify their accounts payable as customer deposits without actually depositing anything.

This privilege is not ancient. It is not natural. It is a regulatory artifact, maintained by institutional inertia and the genuine difficulty of imagining alternatives – until now.

The interest charged on this costless creation is pure seigniorage – a wealth transfer from the productive economy to the money-creation monopoly. In Alberta, the scale is approximately $23 billion per year: the total interest paid on private secured debt (mortgages, HELOCs, auto loans, farm debt) flowing from Alberta families and businesses to financial institutions, in exchange for money that cost those institutions nothing to create.

[4]The exemption from Client Money Rules is documented in detail by Werner (2014). UK regulations (FCA, 2013) explicitly state: "The client money rules do not apply to a CRD credit institution in relation to deposits within the meaning of the CRD held by that institution." This exemption permits banks – and only banks – to reclassify their liabilities as customer deposits without segregating client funds. Canadian regulations achieve the same result through the *Bank Act* framework.

In Kotlikoff's framework, this *is* the malfeasance share m_t – but of a qualitatively different kind. It is not 22% or 50% of banking output being lost to individual bad actors. It is the interest spread on costless money creation, collected by *all* banks, *all* the time, as a normal feature of the system's architecture. Individual bankers aren't corrupt. But the architecture produces outcomes that, if any other industry operated this way, we would recognize immediately as extractive.

4 Why Top-Down Fixes Fail

Kotlikoff proposes that the government verify and disclose all bank assets in real time. He is right that transparency would help enormously. His simulations show 67% welfare improvement.

But consider what this would actually require.

Every mortgage: verify the borrower's employment, income, debts, and credit record. Appraise the collateral. Confirm the insurance. Check for fraud in the origination process. Do this continuously, in real time, for every one of the millions of mortgages in the Canadian system. Then do the same for auto loans, business loans, lines of credit, credit card receivables, interbank lending, derivatives positions, off-balance-sheet vehicles, and every other instrument on every bank's books.

This is not a staffing problem. It is a structural impossibility. The regulated entity is *more complex* than the regulator can ever be. This is a general principle: a system cannot be fully inspected by a subsystem less complex than itself. This complexity is not necessarily deliberate, but it is self-reinforcing.

And there is a deeper problem. Even perfect transparency of the *existing* system would not address the fundamental structural issue, because the structural issue is *legal*. If you turned all the lights on and showed everyone exactly how mortgage creation works – the zero-cost money issuance, the interest on costless creation, the asymmetric risk – nothing would change, because none of it violates any existing law.

The banks are not hiding. They are operating in plain sight, using privileges granted by regulation and sustained by institutional inertia. Most bankers don't think of these privileges as privileges – they think of them as "how banking works." Surveillance cannot fix a system whose defining feature is a legal architecture that nobody inside it has reason to question.

Deposit insurance makes things worse, exactly as Kotlikoff demonstrates. It eliminates the one market signal – bank runs – that historically constrained the most egregious behaviour, and replaces it with a taxpayer guarantee that sustains misaligned institutions indefinitely.

Private monitoring collapses under free-riding, exactly as Kotlikoff demonstrates. The ratings agencies' performance before 2008 is the empirical proof: they were paid by the banks they rated, they competed for business by offering favourable ratings, and the information they produced was worse than useless because it was systematically wrong in the direction that benefited their paymasters.

Every proposed reform since 2008 – Basel III capital requirements, Dodd-Frank stress tests, macroprudential oversight, living wills – amounts to the same strategy: build a bigger, more sophisticated monitor to watch a bigger, more sophisticated system. The system always wins this race, because it is funded by the wealth it extracts and can always afford to be one step ahead.

This is not a counsel of despair. It is a recognition that the strategy is wrong. If top-down monitoring of complex opaque systems doesn't work, the answer is not better monitoring. The answer is simpler systems that don't require monitoring.

5 Inverting the Monitor

Consider two approaches to preventing counterfeiting.

Approach A: hire a small number of expert inspectors, give them sophisticated equipment, and have them spot-check currency in circulation. When they find fakes, prosecute the counterfeiter.

Approach B: design the currency so that *everyone* can verify it *every time it changes hands* – through watermarks, holograms, special paper, microprinting. Make verification so cheap and easy that it happens automatically, millions of times per day, by ordinary people conducting ordinary transactions.

Modern currency uses Approach B. No one seriously proposes using Approach A as the primary defence against counterfeiting. Approach A is reserved for a small residual category of sophisticated forgeries that defeat the public-verification mechanisms.

Our financial system uses Approach A for everything.

We hire a small number of regulators (OSFI, the Alberta Securities Commission, provincial Superintendents of Insurance) and ask them to inspect a system orders of magnitude more complex than their inspection capacity. When they find fraud, they prosecute – years after the damage is done. The SEC files two enforcement actions per week; how much fraud goes undetected, no one can say.

The Alberta Buck architecture implements Approach B for money creation.

5.1 Decimation: Many Small Verifiers vs. One Big Auditor

The term comes from numerical methods. In numerical integration, the sum of many small estimates converges on the true value far more reliably than a few large estimates. In software estimation, a hundred one-hour task estimates produce a better project forecast than ten ten-hour estimates. The principle is universal: distributed measurement of small things is more accurate than centralized measurement of large things.

Applied to financial verification, the principle is:

Instead of one government agency auditing *all* assets held by a single bank (top-down), have *many* independent attestors each verify *one* asset with full skin in the game (bottom-up).

In the Alberta Buck system, this works as follows:

1. **Specialised insurers** attest to specific asset types. Home insurers verify homes. Equipment insurers verify equipment. Commodity insurers verify stored grain. Each insurer puts its own capital at risk by issuing parametric insurance on the asset – if the asset is lost, the insurer pays automatically.

2. **Multiple attestors** digitally sign each valuation, and must *invest* a portion of their earnings against their predicted future value of the asset. Attestors who prove accurate over time earn premiums. Those whose predictions diverge from realized values suffer losses.

3. **Attestor reputation compounds**. The aggregate historical accuracy of all signatory attestors determines the confidence interval of the appraised value, which in turn determines the credit limit (the BUCK_CREDIT NFT). Wider error bars mean lower credit. Narrow error bars mean higher credit. Accuracy pays. Inaccuracy costs.

4. **Everything is public**. The total BUCKs outstanding, the aggregate backing value, the insurance status of every position, the BUCK_K stabilisation factor – all visible, all the time, to everyone, on the blockchain.

This is not a theoretical proposal. Each component exists in production systems today. Oracle networks provide real-time price feeds. Parametric insurance pays claims automatically based on verified conditions. Stablecoins circulate at volumes exceeding Visa. MakerDAO manages $5 billion in real-world asset-backed tokens using exactly these mechanisms.

What's new is the *composition* – combining these elements to create a monetary system where verification is structural, not supervisory.

5.2 Why Decimation Defeats Free-Riding

Kotlikoff's model shows that private monitoring collapses because information is a public good. Once one household learns about some malfeasance and shares the information, everyone benefits. So no one pays to learn.

Decimation defeats this because the *act of verification is the act of participation.* You don't verify an asset because you're altruistically producing public information. You verify it because you're an insurer who needs to price the risk you're underwriting. You verify it because you're an attestor who earns a premium for accuracy. You verify it because you hold BUCKs and want to confirm the system's backing is sound.

The information is public. The *incentive* to produce it is private. Each participant's verification serves both purposes simultaneously. This is not a public goods problem. It is a market.

5.3 Why Decimation Defeats Contagion

In Kotlikoff's model, malfeasance follows a Markov process. High theft today predicts high theft tomorrow. This is rational because banks are opaque: if you learn that some banks are crooked, you rationally infer that other banks – which you *can't* see into – might be crooked, too. Fear spreads from known bad actors to unknown actors because opacity links them all.

Decimation breaks this chain. Each BUCK position is independently verifiable. The house exists or it doesn't. The insurance is active or it isn't. The attestation is current or it's not. A fraud in one position tells you nothing about unrelated positions, because there is *no opaque institution* linking them.

Kotlikoff also shows that bad bankers *infect* good bankers: when malfeasance is perceived to be high, honest bankers reduce their screening effort. In the Alberta Buck system, this dynamic inverts. When some attestors prove inaccurate, the *remaining* accurate attestors earn higher premiums and command higher fees. Bad actors increase the returns to honest participants rather than depressing them.

The incentive gradient runs in the right direction.

6 The Architecture

The full Alberta Buck Architecture[5] and Legal Foundation[6] are specified elsewhere. What matters here is how the architecture addresses each form of malfeasance that Kotlikoff identifies, *plus* the fundamental structural issue of misrepresenting money issuance as "lending."

[5]Kundert, Perry. "The Alberta Buck - Architecture" Dominion Research & Development Corp.

[6]Kundert, Perry. "The Alberta Buck - Legal Foundation" Dominion Research & Development Corp.

6.1 Eliminating the Intermediary

The family that currently presents two valuable assets to a bank (the house and the payment stream) and receives costless money in return, under the Alberta Buck system presents *one* asset (the house) to a competitive market of attestors and insurers, and creates money directly.

No bank sits between the family and the monetary system. No intermediary exercises discretion over asset allocation. No opacity exists for misaligned incentives to exploit.

The family's house is professionally appraised (as it is today). The appraisal is attested by multiple independent attestors with financial stakes in their accuracy. An insurer issues a parametric insurance policy on the asset, registering a lien under Alberta's Personal Property Security Act. The family receives a BUCK_CREDIT NFT reflecting the insured value of their home, multiplied by the current BUCK_K stabilisation factor. They can mint BUCKs up to this limit.

Annual cost: insurance premiums of perhaps 0.5%, or roughly $2,500/year on a $505,000 home.

Compare this to the current system: $21,000/year in interest during the early years of a mortgage at 5.5%, with the risk of losing the home if payments falter. Over 25 years, the family pays roughly $275,000 in interest – money that compensates no lender for any loss of any asset, because no asset was lent.

The difference – $19,000/year per household, $5.5 billion annually across Alberta's 580,000 mortgaged households if even *half* of households transition – is the measure of the unnecessary cost eliminated.

6.2 Replacing Deposit Insurance with Asset Insurance

Under the current system, deposit insurance compensates depositors when banks fail, funded by taxes. It provides no real insurance against aggregate systemic risk – it merely redistributes the cost. And it eliminates the *one market signal (withdrawals) that constrains bad behaviour*.

Under the Alberta Buck, insurance covers *real risks* to *real assets*: fire, flood, depreciation, destruction. There is no intermediary whose incentives might diverge from the asset owner's, so no insurance against misalignment is needed. Premiums are paid by the asset owner (who benefits) rather than the taxpayer (who doesn't). Insurers register liens and have direct financial incentives to price risk accurately. Parametric triggers execute automatically when oracle data confirms loss.

This eliminates Kotlikoff's moral hazard entirely. Deposit insurance induces households to put everything in banks regardless of risk ($\alpha = 1.0$ in his model). Asset insurance creates no analogous distortion – you insure your house because you own a house, not because a government guarantee makes reckless behaviour costless.

6.3 Replacing Government Auditing with Oracle Networks

Kotlikoff's first-best policy requires a government agency to verify every bank asset continuously. The Alberta Buck achieves the same objective through multiple independent oracle controllers running PID (Proportional-Integral-Derivative) feedback loops, continuously monitoring BUCK trading prices against commodity basket values.

The BUCK_K Value Stabilisation Factor adjusts dynamically: if BUCKs trade above the commodity basket value (inflationary pressure), BUCK_K decreases, reducing everyone's issuance capacity. If BUCKs trade below (deflationary pressure), BUCK_K increases. Market makers who detect mispricings front-run the control algorithm, accelerating corrections and earning returns for doing so.

This is industrial automation applied to monetary policy. Alberta has decades of experience with exactly these control systems in petroleum refining, pipeline management, and power grid

operation. The techniques are mature, well-understood, and field-proven at scales far exceeding what the BUCK system would require.

7 The Transition

Here is the part that matters most.

Nothing in this paper requires revolution. Nothing requires abolishing banks, seizing assets, or confronting federal monetary authority. The Alberta Buck operates within provincial constitutional jurisdiction over property, contracts, and insurance – Section 92(13) of the Constitution Act, 1867.

The transition is voluntary. It proceeds as follows:

7.1 Phase 1: Prototype and Pilot (Years 1-2)

Develop the smart contract infrastructure using proven Ethereum/L2 tooling. Begin with the simplest asset class: cryptocurrency held in insured custody. A holder locks crypto with an insurer, receives a BUCK_CREDIT NFT, and can mint BUCKs. This establishes the technical foundation with minimal regulatory complexity.

7.2 Phase 2: Agricultural and Small Business Pilots (Years 2-3)

Expand to commodity-backed BUCKs: stored grain, precious metals in depositories, equipment with established resale markets. Partner with Alberta agricultural cooperatives and rural municipalities. These communities feel the weight of debt-based financing most acutely and have the strongest incentive to adopt alternatives.

7.3 Phase 3: Real Estate Integration (Years 3-5)

Enable home and commercial real estate as backing assets. This is the largest civilian wealth category and the source of the greatest interest extraction. Requires robust insurer partnerships and integration with Alberta's land titles system.

7.4 Phase 4: Financial Institution Participation

This is the critical strategic insight. Forward-thinking financial institutions should *want* to participate in this transition.

Consider a bank that currently earns revenue by creating money against customer assets and charging interest. Under the Alberta Buck system, the same institution can earn revenue by providing attestation services, insurance products, custody services, and exchange liquidity – all at lower risk and with a more sustainable business model.

The bank's current model depends on a regulatory privilege that is increasingly well-understood and increasingly unnecessary as technology provides alternatives. Stablecoins already process more daily volume than Visa. DeFi protocols already manage billions in asset-backed tokens. The question is not whether wealth-backed money creation will happen, but whether Alberta's financial institutions will lead it or be displaced by it.

ATB Financial, which has operated outside federal banking jurisdiction since 1938, is the natural partner for this transition. It already demonstrates Alberta's capacity for provincial financial innovation. Extending that innovation to wealth-backed money creation is a natural evolution, not a radical departure.

Bow Valley Credit Union is a leader in promoting non-traditional monetary assets. Other Alberta Credit Unions likely feel the pressure from their "too big to fail" commercial banking peers, and may not *really* understand why it is so difficult to compete effectively with them. Participating in the Alberta Buck system may finally give *them* an advantage.

8 The Stakes

Every day of delay costs Alberta $63 million in unnecessary interest payments.[7]

This is not a metaphor. It is the daily share of $23 billion in annual interest extraction from Alberta's private and public secured debt. Money that leaves Alberta families and businesses and flows to financial institutions in exchange for money that cost those institutions nothing to create.

Over the 25-year horizon of a typical mortgage, the cost of inaction for a single average Alberta family is approximately $275,000 in interest payments on money created from their own creditworthiness and collateral. The alternative – annual insurance premiums of roughly $2,500 over 25 years – represents an 80% reduction in the cost of converting illiquid wealth to liquid spending power.

The macroeconomic implications compound. If even half of Alberta's mortgaged households transition to wealth-backed financing, the province retains $5.5 billion annually that currently flows to external financial institutions. Invested at a modest 4% return over 30 years, the compound benefit exceeds $325 billion – more than four times Alberta's current annual budget.

These numbers are not speculative. They are the straightforward mathematics of compound interest working *for* Alberta instead of *against* it.

9 The Call to Change Approach

To the policy analysts at Alberta Treasury Board and Finance, and to the Minister:

You have been working to make the existing financial system function better for Albertans. Tighter regulation. Consumer protection. Stress testing. These efforts are well-intentioned and they have real, if limited, effects.

But the fundamental technology has changed. Blockchain, smart contracts, and parametric insurance now make it possible to do what regulation alone cannot: give citizens direct, transparent access to their own wealth's liquidity. The question is no longer how to regulate the existing system better. It is how to build alongside it something that makes its extractive architecture unnecessary.

This is not anti-bank rhetoric. It is recognition that the specific mechanism by which banks create money – the zero-cost issuance disguised as lending, documented by Werner and confirmed by the Bank of England – is a *technological artifact* that can now be replaced by something better. Blockchain attestation, parametric insurance, and decentralized oracle networks now provide the infrastructure for citizens to create money from their own verified, insured wealth, without intermediaries, without interest, and without the opacity that Kotlikoff identifies as the root of all financial crisis.

Alberta is uniquely positioned to lead this transition. You have $1.6 trillion in attestable real estate, $50 billion in agricultural assets, and centuries of proven oil and gas reserves. You have constitutional authority over property, contracts, and insurance. You have ATB Financial, which has operated outside federal banking jurisdiction for 87 years. You have a population that understands resource management, industrial automation, and the value of self-reliance.

The specific actions requested:

[7] $23 billion annual interest extraction ÷ 365 days = $63 million per day.

1. **Fund a research program** to prototype wealth-backed money creation systems using existing blockchain and smart contract infrastructure. The technical components are production-ready; what is needed is integration, testing, and Alberta-specific adaptation.

2. **Engage the insurance industry** to develop parametric insurance products suitable for BUCK-backed asset classes. This is a new market for Alberta insurers, worth potentially billions in premium revenue.

3. **Initiate a pilot program** with agricultural cooperatives or rural municipalities, demonstrating wealth-backed money creation for the asset class (agricultural inventory, land, equipment) that bears the heaviest burden of debt-based financing.

4. **Invite financial institutions** – starting with ATB Financial – to participate in designing the transition. The banks that move first will capture the attestation, insurance, custody, and exchange revenue streams that replace interest extraction. Those that wait will find those revenue streams captured by others.

5. **Adopt a policy stance** that treats wealth-backed money creation not as a threat to financial stability, but as a *enhancement* of it – because a system built on verified, insured, publicly visible asset backing is inherently more stable than one built on opaque intermediation and regulatory privilege.

9.1 Stop Reforming the System. Reform the Money.

Kotlikoff proved that the banking system's dysfunction is not aberrant. It is structural. It persists because opacity enables it, regulation cannot reach it, and deposit insurance removes the one market signal that might constrain it.

Werner proved that the most consequential structural issue – the representation of costless money creation as "lending" – is not hidden. It is the foundational operation of commercial banking, so ubiquitous that even economists mistake it for intermediation, and even bankers genuinely believe they are lending existing funds.

The answer is not better surveillance of a system too complex for surveillance to reach. The answer is a system that doesn't need surveillance because it is transparent by construction, verified by participants with skin in the game, and backed by real assets that anyone can inspect.

The Alberta Buck is that system. Every component is proven technology. The legal foundation is established. The constitutional authority exists. The economic benefits are quantifiable and enormous.

The only missing element is political will.

Alberta, the generation that could build this future is watching. They understand compound interest. They understand what $275,000 in mortgage interest means for family formation, for home ownership, for their ability to build a life in this province. They are making decisions about where to live and work and raise children.

Don't give them another regulatory reform. Give them a monetary system worthy of the wealth they create.