The Alberta Buck

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1 A Money Creation Paradox

When you get a mortgage in Canada, the bank doesn't lend you money it has. It invents money on the spot, right there, at that moment. The bank puts this newly created money in your account, calls it your "deposit," and then uses accounting rules meant to protect customers to do exactly the opposite.

It sounds like a scam. It isn't. This is just how modern banking works. And once you understand it, you'll see why every mortgage, every business loan, every credit card balance is designed to never quite go away. The system needs your debt. Without it, money itself would disappear.

But what if there was another way? What if you could pledge the same assets and create the same money, but without paying a bank to stand in the middle? (PDF, Text)

1.1 The Magic Trick

When a Canadian bank gives you a mortgage, it performs an accounting operation that would be illegal for any other business:

Bank's books	Asset	Liability
Before	\$0	\$0
After	+\$1M	-\$1M

Here's what happens:

First, the bank assesses your collateral; say, a million-dollar house. They verify its value, take out insurance on it (that you pay for), and place a lien giving them first claim if you default.

Then comes the magic. The bank creates an asset on its books: your promise to repay. Simultaneously, it creates a liability: the "deposit" in your account. No money moved from anywhere. The bank just invented both the debt you owe and the money you receive.

This only works because Canadian banks are exempt from the Client Money Rules that govern every other financial institution. If a stock broker holds your money, they must keep it separate from their own: it's still legally yours. But when a bank takes your "deposit", it becomes the bank's money. You're just an unsecured creditor with a claim against the bank.

The bank presents this to you as if they've given you some other depositors' money. But there were no depositors. There was no money. There was only your house and the bank's unique legal privilege to pretend your wealth allows them to lend deposits, when in fact it is your wealth that created the deposits.

2 The Alberta BUCK Alternative

Now imagine a different system. You have the same million-dollar house. It still needs attestation of value. It still needs insurance. It still needs a lien. But instead of a bank creating the money, you do.

In the BUCK system, when you pledge assets, you receive BUCK_CREDIT; a credit limit against which you can create BUCK tokens. The crucial difference: you own both the credit and the debt. They're two sides of your own balance sheet, not the bank's.

The value is stabilized not by a central bank's interest rate manipulations but by a simple control loop. If BUCKs start buying less than they should - inflation - the system reduces the multiplier K, shrinking everyone's credit limits proportionally. If BUCKs buy more - deflation - K increases. It's automatic, algorithmic, and requires no meetings of central bankers pretending they can predict the future.

Your house worth CAD$1,000,000 gives you BUCK$1,000,000 in credit (when K=1.0). If real estate values drop 5%, your credit drops to BUCK$950,000. If the BUCK itself inflates, K drops to 0.95, and everyone's credit shrinks 5%. The system self-balances.

2.1 The Interest Trap

Here's where the two systems diverge catastrophically.

With the bank, you immediately owe interest. If you borrowed $800,000 against your million-dollar house at 5%, you owe $40,000 the first year just to stay even. Over a 25-year mortgage, you'll pay $603,000 in interest. The bank created $800,000 from nothing and will collect $1.4 million back.

But here's the truly insidious part: Where does the money come from to pay that interest?

It can only come from more lending. If everyone in Canada owes 5% interest, and no new money is created, we're collectively short 5% every year. Someone, somewhere, must borrow more just so others can make their interest payments. The system requires exponential debt growth or it collapses.

With BUCKs, there's no interest owed to anyone. You created the credit, you own the credit, you pay yourself nothing to use it. If you want to earn interest, you can lend your BUCKs to others. But the system itself demands no tribute.

2.2 The Unwinding Problem

This difference becomes stark when you want your collateral back.

With the bank, you must find $800,000 plus interest to get your house title clear. Where does this money come from? Either you earned it (taking it from circulation, forcing someone else to borrow), or you borrow it from another bank (moving the debt, not eliminating it). The debt can shuffle around the system but never disappear without destroying the money supply.

This is why the 2008 financial crisis was so catastrophic. When people started paying down mortgages en masse, it literally destroyed money. The central banks had to create trillions in new reserves just to prevent deflation.

With BUCKs, unwinding is clean. You have BUCK$1,000,000 in credit and you've spent BUCK$600,000. To clear your house, you need to return BUCK$600,000 to get back to zero. Buy them on the market, transfer them back, and your collateral is free. The BUCKs you return don't disappear; they were never "created" in the banking sense. Your credit limit just resets to zero.

Permanent collateral claims are also avoided; the system automatically handles this through Demurrage on idle BUCK account balances. After 49 years, pledged collateral automatically clears. But you don't need to wait. Any time your BUCK balance plus BUCK_CREDIT equals or exceeds zero, you can remove collateral.

2.3 The Velocity Problem

Banks face a fundamental contradiction. They need lending to create money, but lending slows when the economy slows. So they lower interest rates to spur borrowing. But low rates mean existing debt is easier to pay off, which destroys money. So they need even more new lending to compensate.

This is why central banks have been trapped at near-zero rates for fifteen years. They can't raise rates without crushing debtors. They can't lower rates below zero without breaking the system. They're stuck.

BUCKs don't have this problem. The creation of credit is tied to the attestation and insurance of real assets, not the manipulation of interest rates. If the economy needs more liquidity, more assets can be pledged. If it needs less, credit limits automatically shrink through K adjustment.

The velocity of money - how fast it circulates - becomes irrelevant to stability. BUCKs maintain their purchasing power through the commodity price control loop and claims on real wealth, not through interest rate manipulation.

2.4 The Compound Interest Catastrophe

Let me show you the math that banks don't want you to see.

You pledge a million-dollar house and borrow $800,000 at 5% for 25 years. Your monthly payment: $4,676. Total paid: $1,403,016. The bank created $800,000 and collected $1,403,016; a profit of $603,016 from nothing but their government appointed privilege of avoiding the Client Money rule.

But it's worse. The bank can immediately pledge your mortgage as an asset to create more loans. If they maintain a 10:1 ratio (conservative by modern standards), your $800,000 mortgage lets them create $8,000,000 in new loans. Each earning interest.

Meanwhile, with BUCKs, you pledge the same house, create $800,000 in credit, spend it into circulation, and... that's it. No interest compounds. No leverage multiplies. The money exists to facilitate exchange, not to extract rent from every transaction.

2.5 The Insurance Revelation

Both systems require insurance, but the beneficiary changes everything.

With a bank mortgage, you pay for insurance that protects the bank. If your house burns down, the insurance is deposited to a trust account with the bank as signatory. You still owe the full mortgage. The bank is made whole; you might be homeless, and the bank approves how the home is rebuilt.

With BUCKs, insurance protects the system's integrity. If your collateral loses value and your account goes negative, the insurer deposits BUCKs to cover the shortfall. But here's the key: you arranged this insurance yourself, with terms you negotiated. As your BUCK balance stays well below your BUCK_CREDIT limit, your insurance costs drop. You're incentivized to maintain a buffer, not maximize leverage.

Furthermore; you retain full authority over how (or even *if*) the asset is rebuilt. The monetary system is made whole, and all authority over the balance sheet assets remains with the wealth owner.

3 The True Cost of "Free" Banking

Canadian banks will tell you they provide valuable services: payment processing, account management, financial advice. They'll point to their gleaming towers and thousands of employees as evidence of their contribution to the economy.

But what they're really doing is extracting rent from every transaction in the economy. Every dollar in circulation represents someone's debt to a bank, accumulating interest. The banks collectively pulled in $152 billion in revenue in 2023, mostly from interest on money they created from nothing.

The BUCK system needs none of this infrastructure. Attestation can be done by independent assessors, like house inspectors. Insurance can be provided by actual insurance companies, or even groups of individuals. The blockchain handles the accounting. Smart contracts enforce the rules. No towers, no tellers, no trillion-dollar bailouts when they gamble wrong.

3.1 The Democratic Revolution

The most radical difference may be who controls the system.

Canadian banks are controlled by shareholders who profit from maximizing interest extraction. The Bank of Canada is controlled by appointees who pretend they can fine-tune the economy with interest rates. Both are centralized, opaque, and serving interests that aren't yours.

The BUCK system is controlled by publicly reviewable algorithms, and underpinned by free Canadian citizens' own wealth. The credit factor K adjusts based on commodity prices, not committee votes. Credit expands based on real assets, not political pressure. The rules are in the smart contract, visible to everyone, changeable by no one.

This isn't about replacing one master with another. It's about removing the position of master entirely.

3.2 The Transition

You might think this is impossible. The banks are too powerful. The government depends on them (or is maybe even controlled by them). The whole economy runs on their rails.

But transitions happen gradually, then suddenly. The BUCK system doesn't need to replace Canadian dollars overnight. It just needs to exist as an alternative.

Start with government bonds. The government already issues them, they're already considered risk-free collateral. Let people pledge them to create BUCKs instead of borrowing against them from banks. No bank is disrupted. No law is broken.

Add commodities. Canada is a resource superpower. Gold, wheat, lumber, energy - all can be tokenized, attested, insured, and pledged. The Toronto Stock Exchange already trades commodity ETFs. This just makes them useful as collateral.

Then real estate. Canada has $8.4 trillion in residential real estate, most of it pledged to banks. What if even 10% moved to the BUCK system? That's $840 billion in credit creation without a single bank involved.

3.3 The Compound Solution

The genius of the BUCK system is that it's not fighting compound interest - it's making it irrelevant.

Banks need compound interest because they need profits to justify their existence. They need profits because they have massive operational costs. They have massive costs because they've inserted themselves as intermediaries in every financial transaction.

BUCKs need none of this. The protocol runs itself. The attestors and insurers are paid market rates for actual services. The commodity prices come from existing markets. The smart contracts execute automatically.

Every dollar of cost removed from the system is a dollar that stays in the productive economy instead of being extracted as financial rent.

3.4 The Call to Action

The Canadian banking system extracted an estimated $200 billion in interest on mortgage and private debt from the economy in 2025. That's $4,800 from every person in Canada; not for any productive activity, but for the privilege of using the money system they control.

This *shocking* sum strip-mined from Canada's citizens' productivity and wealth isn't necessary. It isn't natural. It isn't even particularly old; Canada only finally abandoned the gold standard along with the US in 1971. The current system of pure debt-based money is younger than most people reading this.

The BUCK system isn't theoretical. Every component exists:

- Tokenized commodities (PAX Gold, Kinesis)
- Automated market makers (Uniswap, Curve)
- Oracle price feeds (Chainlink, Band)
- Smart contract platforms (Ethereum, Polygon)
- Stablecoin demand (USDC, USDT)

What's missing is the will to assemble them into an alternative to bank-created money.

The banks want you to believe their system is the only possible one. That debt-based money is natural. That compound interest is inevitable. That financial crises are acts of God rather than consequences of design.

They're wrong. Money can be created without debt. Value can be exchanged without interest. Assets can be pledged without surrendering them to banks.

The question isn't whether this system can work. The question is whether we have the courage to build it.

The banks created $3.4 trillion [1] in loans in Canada. Every dollar represents someone's debt, someone's interest payment, someone's financial chain. But chains can be broken.

[1] Chartered banks, assets and liabilities; 6% avg. interest on $3.4T debt ~ $200B.

The first BUCK created won't break the banking system. Neither will the millionth. But somewhere between the first and the trillionth, people will realize they don't need banks to create money. They need assets, attestation, and arithmetic.

The banks know this. It's why they fight every alternative currency, every peer-to-peer system, every attempt to separate money creation from debt creation. They know their privilege depends on you not knowing there's an alternative.

Now you know.

The next time you sign a mortgage, remember: the bank isn't lending you money it has. It's creating money from your signature and charging you interest for the privilege. You're not borrowing money; you're creating it. The bank is just taking the credit, literally and figuratively.

The BUCK system says: keep the credit you create. Pay interest only if you choose to borrow from others. Free your assets when you want, not when the bank allows.

This isn't a radical idea. It's a return to the radical idea that money should serve the economy, not rule it. That assets should back currency, not debt. That compound interest is a choice, not a law of nature.

The infrastructure exists. The technology works. The mathematics is sound.

All that's missing is you.