The Innovation Bank

Why don’t engineers just print money?

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GDP: Money is Measured Into existence by the things we produce.

World GDP over the last two millennia
Total output of the world economy; adjusted for inflation and expressed in international-$ in 2011 prices.

Market Valuation: CAPM: Capital Asset Pricing Model

Network Valuation: Share Price proportional to $N^2$

Like a check valve - controls flow of information
Why not build a network platform from a real bridge?
Classical Economics: Land, Labor, and Capital

Easy to measure
80% of Economic Growth is attributable to technological change but is **incorrectly attributed** to allocations of Land, Labor, and Capital

Technological Change is the Domain of Engineers and Scientists

Not Easy to Measure

*Why does a public discussion of economic policy so often show the abysmal ignorance of the participants?*

-- Robert Solow
A firefighter has very little value until there is a fire. Then, the fireman is worth a million dollars per hour.

The value of the firefighter is measured by the severity of the fire.

Fire Protection Engineer can design 100’s of buildings that will never burn.

In the absence of a fire, engineer can only be described as an “intangible” asset.
Problem with engineering.

- Anyone can see how the engineer solved the problem and just copy it. One solution fits all cases.
- Engineers put themselves out of business.

Computers have a similar problem.

- They are real good at copying stuff, but they are real bad at not copying stuff.
- So computer engineers invented Blockchain.
A Blockchain is Like a Check Valve for Information
Fundamental Flaw in Market Capitalism

Technological change must precede economic growth. We are going about the business of civilization as if economic growth can somehow precede technological change - we’ve gotten it backwards.

First commercially available integrated circuit used on the Apollo Guidance System
As The World Turns
Engineers Remove Risk from Complex Systems

1. Bank will not Lend Money unless asset is insured

2. Insurance Company will not insure asset unless it is properly engineered

3. Proper engineering must be financed (cover sunk cost)
Finance and insurance depend on a steady, reliable and validated set of material facts in order to perform their role in an economy.

Biggest problem today is the corruptibility of those material facts
The Innovation Bank is a very simple device

Formation of the K-Asset

- Claim
- Validation
A Cryptographic Token is awarded to the claimant and the validator

*Formation of the K-Asset*
All K-Assets are represented in a Network Graph
Banks, Insurance, and corporations must purchase tokens from the holders as a means of accessing validated material facts and risk mitigating information.

And THAT is how we PRINT money
Results

- Reverses the fundamental flaw.
- Token backed by human productivity
- Enjoys mutual reciprocity.
- Runs in parallel with existing economy
- No need to disrupt existing institutions
- Stable token valued by supply and demand
- Tokens are dynamic and measurable
- Engineers can be paid royalties by the platform.
Recap:

- Money is measured into existence
- Money could be measured in differing ways
- Economics are backwards
- Blockchain; check valve to reverse backward economics
- Finance and insurance depend on material facts
- This is the domain of engineers and scientists
- Cryptographic token tracks validated material facts
- New Money is measured into existence
Questions:

- Why is it called an Innovation Bank?
- What are some of the use cases?
- How do the Game Mechanics work?
- How is actuarial math applied?
- Data analytics; discerning innovation
- Next Steps
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Finance and Insurance – Different use case for Blockchain. Immutability is an Entirely New Concept
Science and Engineering – Immutability is something that we are very familiar with.

The Crutch of the Financial Industry is a Superpower of the engineering profession