Classification of 4 Monetary Theories

Classification of Monetary Theory				
Monetary Theory		Overview	Models	Representative Economists
Public Money	Public Money Theory	Interest-free money is issued by the legislature as equity of the Public (under 100% reserve banking). This will prevent booms and busts, and realize price stability, sustainable growth, full employment and social welfare. EPM (Electronic Public Money) is proposed to protect privacy and freedom against control by retail CBDC (Central Bank Digital Currency).	ASD (Accounting System Dynamics) macroeconomic models, which integrate flow and stock approches of modeling bank lending as the Heads and Tails of the same endogenous debt money. Banks are both intermediaries and creators of debt money under the current fractional reserve banking system.	Aristotle, Soddy, the Chicago Plan economists, Irving Fisher, and other proponents of 100% reserve banking, Stephen Zarlenga (AMI), Kaoru Yamaguchi, Yokei Yamaguchi, and more economsits to follow.
Commodity	Mainstream Neoclassical: Moneyless Price and Commodity Money Theory	Relative prices are determined by general equilibrium of markets. Its numeraire commodity becomes money and determines absolute price levels. Money is thus neutral and only a veil of economic activities.	Neoclassical models such as Dynamic Stochastic General Equilibrium (DSGE) models and Real Business Cycle (RBC) models, etc.	Adam Smith, Karl Marx, Arrow, Debreu, Lucas, and other Classical and Neoclassical economists.
Debt Money	Mainstream Keynesian: Exogenous Debt Money Theory (Flow Approach)	Central bank supplies base money (M0), and money stock (M1, M2) is determined by the money multiplier. Banks are financial intermediaries of exogenously supplied money that collect deposits (loanable funds) from savers and lend to borrowers (flow approach of modeling bank lending).	Keynesian macroeconomic models such as the IS-LM analysis featured in standard macroeconomics textbooks, applied macroeconometric models, and Austrian Business Cycle theory, etc.	Mises, Phillips, Hayek, Keynes, Hicks, Modigliani, Samuelson, Hansen, Tobin, Bernanke, Blinder, Stiglitz, Koo, Krugman, Mankiw, and other (New) Keynesian economists, etc.
	Endogenous Debt Money Theory (Stock Approach)	Central bank supplies base money, with which banks create "deposits" out of nothing and destroy them when loans are repaid (stock approach of modeling bank lending). MMT defines "money is IOU (debt)" and falsely equates treasury bond issuance as issuance of sovereign government currency.	Proposals of 100% reserve banking in 1930s such as the Chicago Plan are based on this endogenous debt money theory. Monetary reform groups of the American Monetary Institute (AMI) and MMT are in a fruitless debate without models.	Macleod, the Chicago Plan economists, Irving Fisher, Schumpeter, Friedman, Minsky, Werner, Keen, and other Post Keynesian and MMT economits (such as Wray), etc.

Fictitious

False (fake)

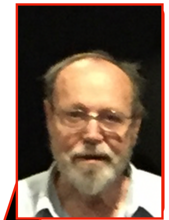
Why Most Nobel Prize Economists Flock Here?

failed to explain Great Depression and Japan's Lost 30 Years, but may be workable under <u>Public Money System</u>

Fig. 9.1 Classification of monetary the es and their proponents

(Public Money, 2025, p.275.) Lietaer told the audience the following startling anecdote:

> Paul Krugman told me personally that I was totally crazy to talk about the money issue. He said "HAVE YOU NOT". We were both from MIT, okay? . . . We got the same professors, right? And what he told me [was] "Didn't they tell you? NEVER TOUCH THE MONEY SYSTEM. NEVER TOUCH THE MONEY SYSTEM." You can touch everything else. Never touch the money system. The reason is there. [Lietaer pointing to one of participants who had correctly pointed to the political nature of Nobel Prize in Economics] You will not be invited to right places and you can kiss goodbye. Or the Nobel on anything else. That is worthwhile getting. You're killing yourself academically if you touch the money system.[16]



Genuine

Fictitious

False (fake)

Monetary Theory				
Public Money	Public Money Theory			
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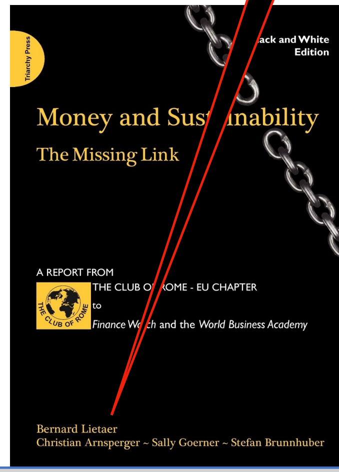
				... the Chicago Plan economists ... Irving Fisher, Schumpeter ... Friedman, Minsky, ... and other Post K... and MMT economists ... Wray), etc.



Zarlenga (2002, p. 445) had already reminded us many years ago that

> the Nobel Prize in Economics is not part of Alfred Nobel's legacy, but is awarded by the Swedish Riksbank, and demonstrates the propagandistic and deceptive practices of the economics Establishment. Nobel's heirs have been trying to force the Riksbank to stop pretending it gives a "Nobel Prize" in economics: "The economics prize runs counter to the idealism in Alfred's declaration that the prizes should be awarded each year to those 'who have conferred the greatest benefit on mankind . . . The vast majority of economics prizes have gone to people who reflect the dominating western view of the world. It's doubtful whether this really is of benefit to all man kind,' says Peter Nobel." Financial Times, 11/24/01.

Lietaer seems to have warned Prof. kaoru Yamaguchi of his academic killing of 2013, 4 years in advance in 2009.

(Public Money, 2025, p.277.)

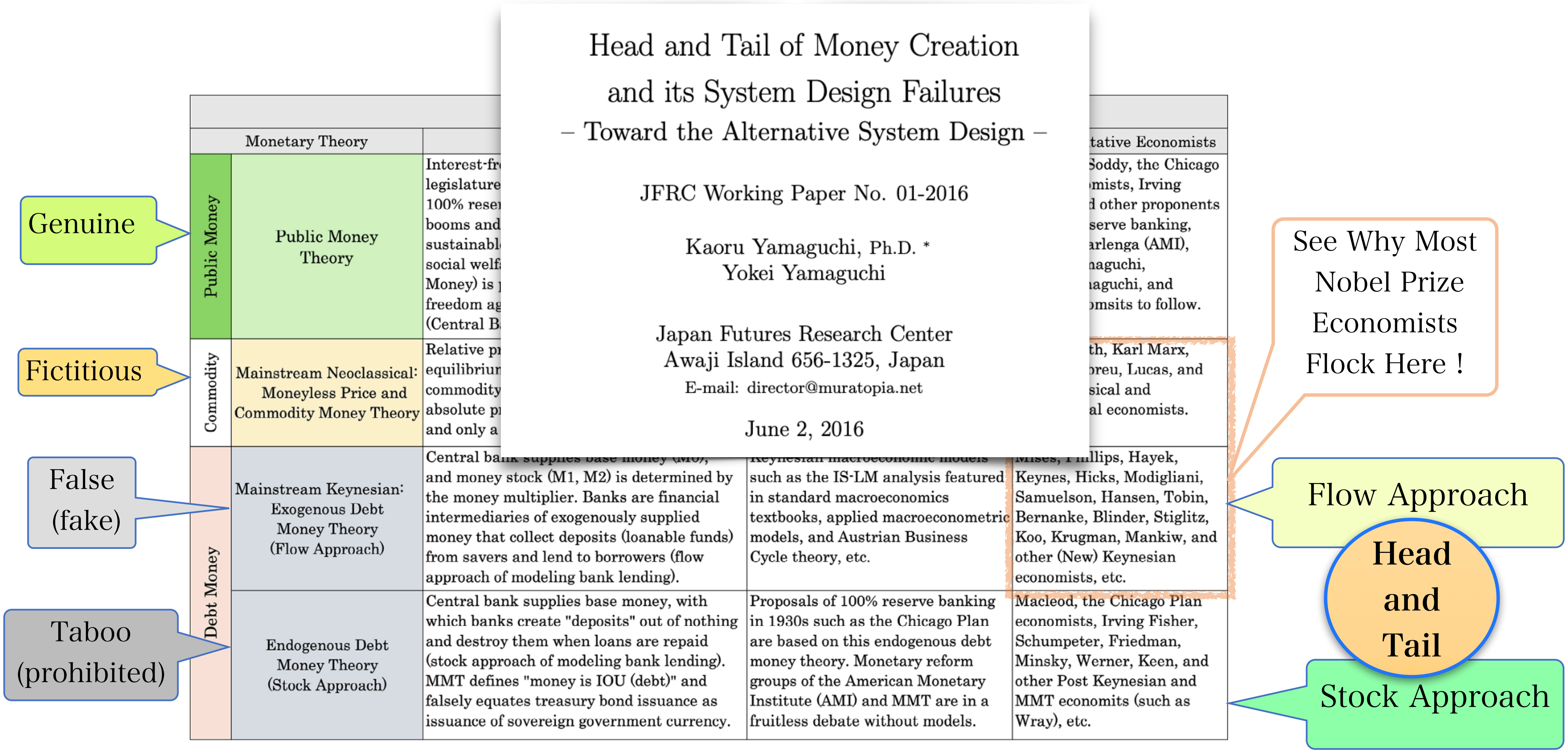
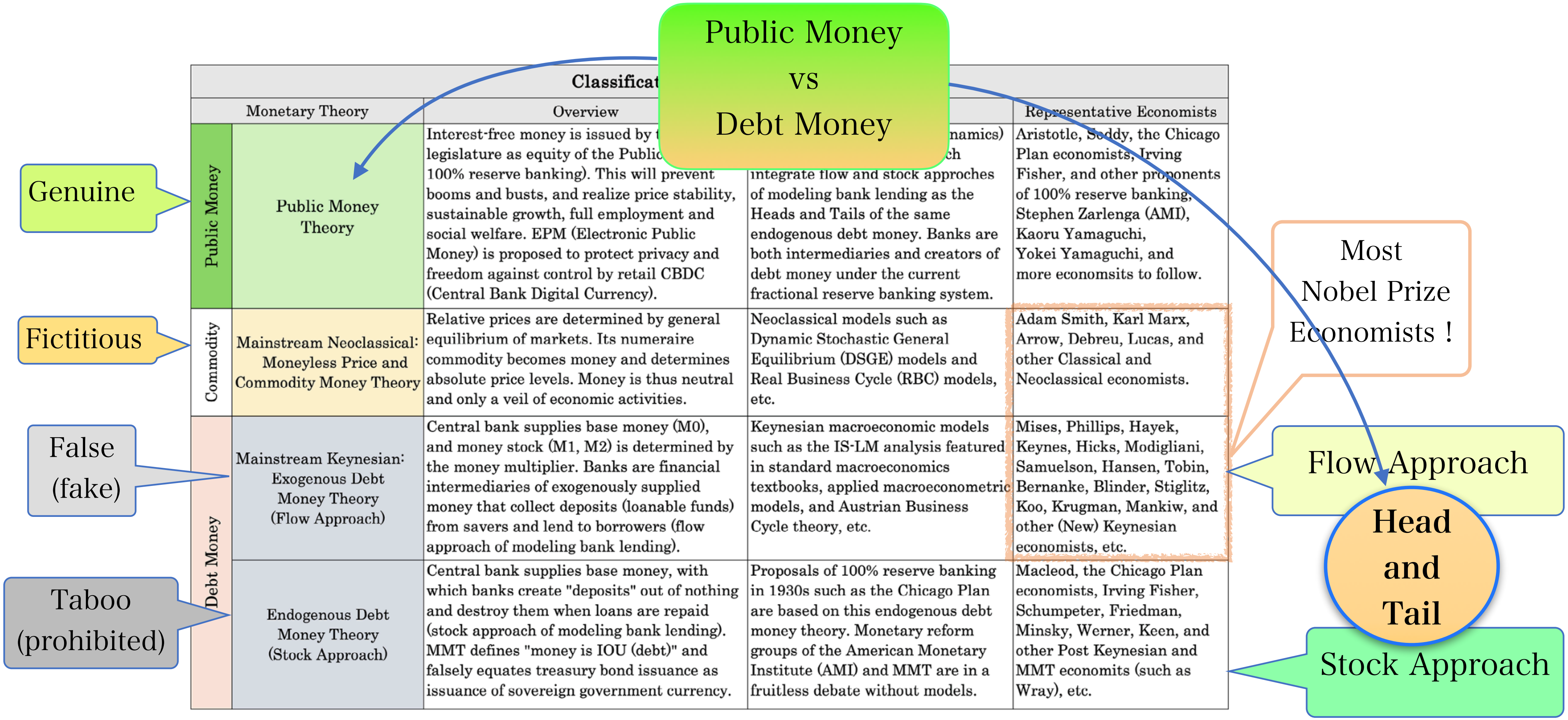


Fig. 9.1 Classification of monetary theories and their proponents



Classificat				
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Fig. 9.1 Classification of monetary theories and their proponents

How Public Money is Born (part 1)

1. (1977-1985) Unifying Battles of Ideas in Economics — Striving
2. (1986-2002) Futures Studies, Sustainability and System Dynamics — Futures Studies
3. (2003-2009) Accounting System Dynamics and Macroeconomic Modeling — ASD Macro Modeling
4. (2010-2014) Modeling American Monetary Act and the Birth of Public Money followed by the Academic Assassination — Public Money

Why We Need A Paradigm Shift in Economics (part 2)

5. (2015-) Academic Resurrection and Findings of "Money as Debt"
6. (2021-) Paradigm Shift in Economics as a Science **(Debt Money —> Public Money)**
7. **(2025-) Public Money and MuRatopia Economy** — Paradigm Shift

7. (2025-) Public Money and MuRatopia Economy

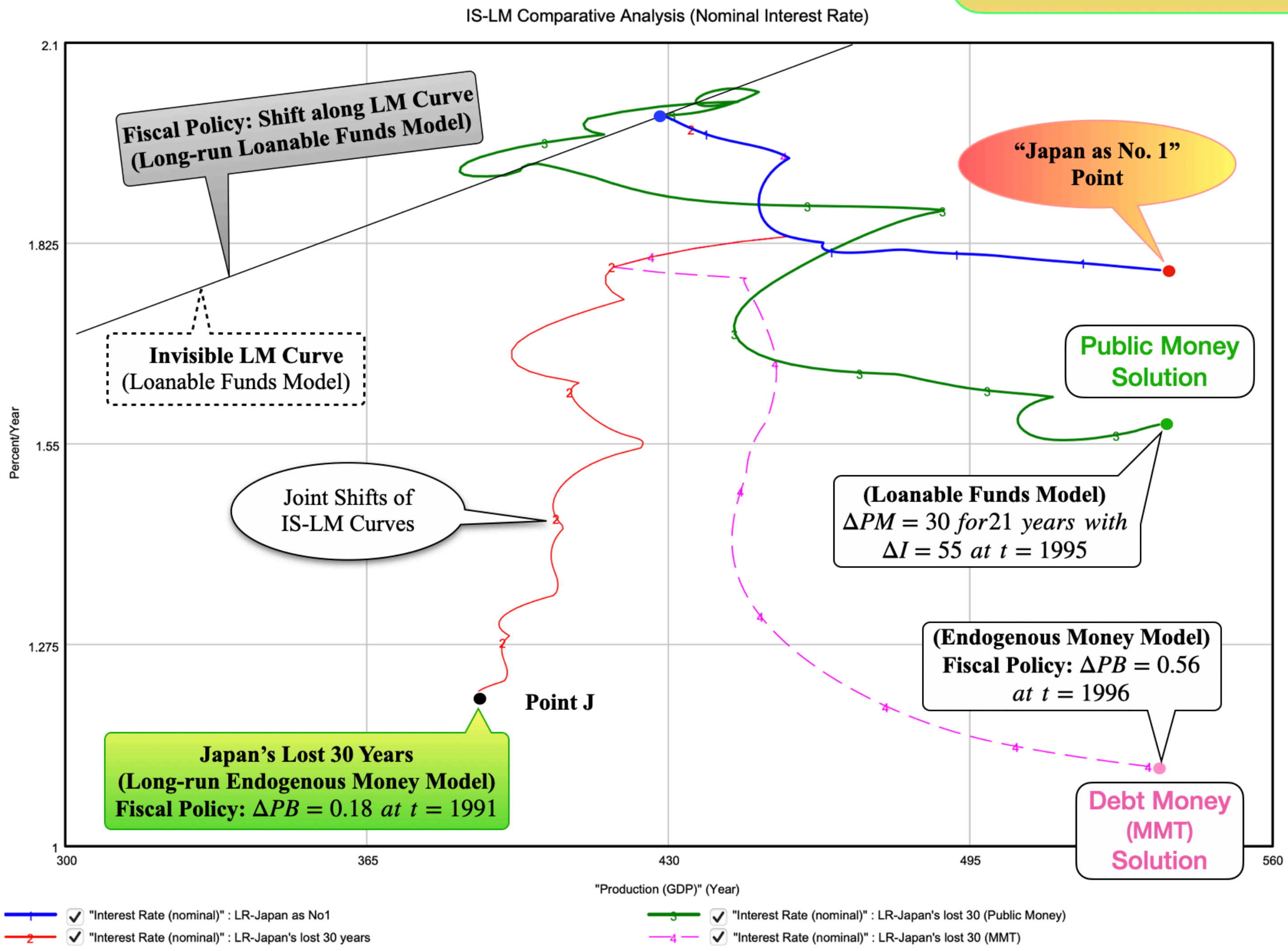
Public Money vs Debt Money

Your Choice ?

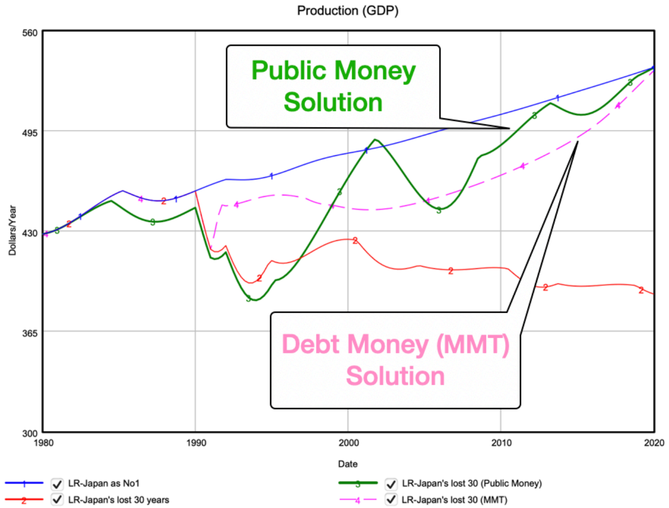
	Public Money System	**Debt Money System**
Monetary Stability	Stable Money Stock Stable Price Level	Bubbles, Credit Crunches Inflation & Deflation
Financial Stability	No Bank Runs Robust Financial System	Business Cycles, Financial Crises, Booms & Depressions
Employment Stability	Lifetime Employment	Involuntary Unemployment
Government Debt (Fiscal Stability)	No Debt is necessary under the Balanced Budget	Built-in Debt Accumulation → Recession & Unemployment
Inequality (Social Stability)	Income Inequality between Workers and Capitalists	Income Inequality between Financiers and Non-financiers
Sustainability & Environmental Conservation	Sustainable Development becomes attainable with Public Money (see Part III)	Debt Accumulation → Forced Growth → Environmental Destruction

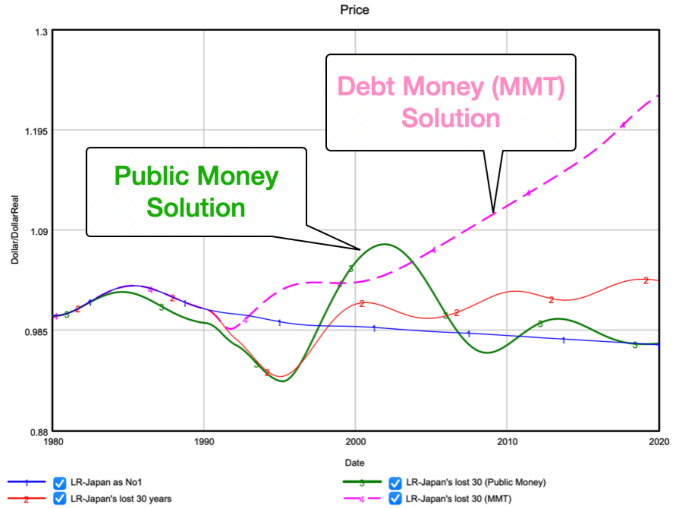
Table 9.2: Public Money vs. Debt Money – System Behavior Comparison

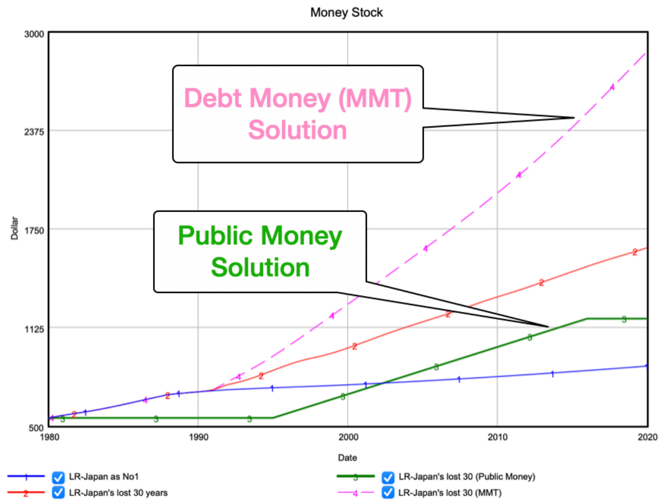
Public Money or Debt Money ?

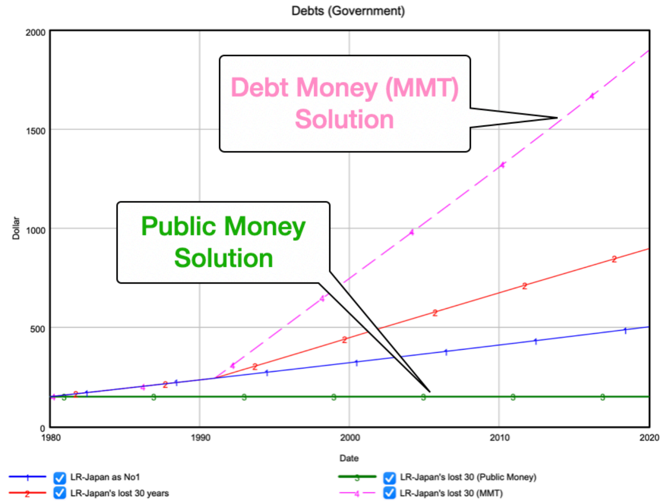


Public Money or Debt Money ?









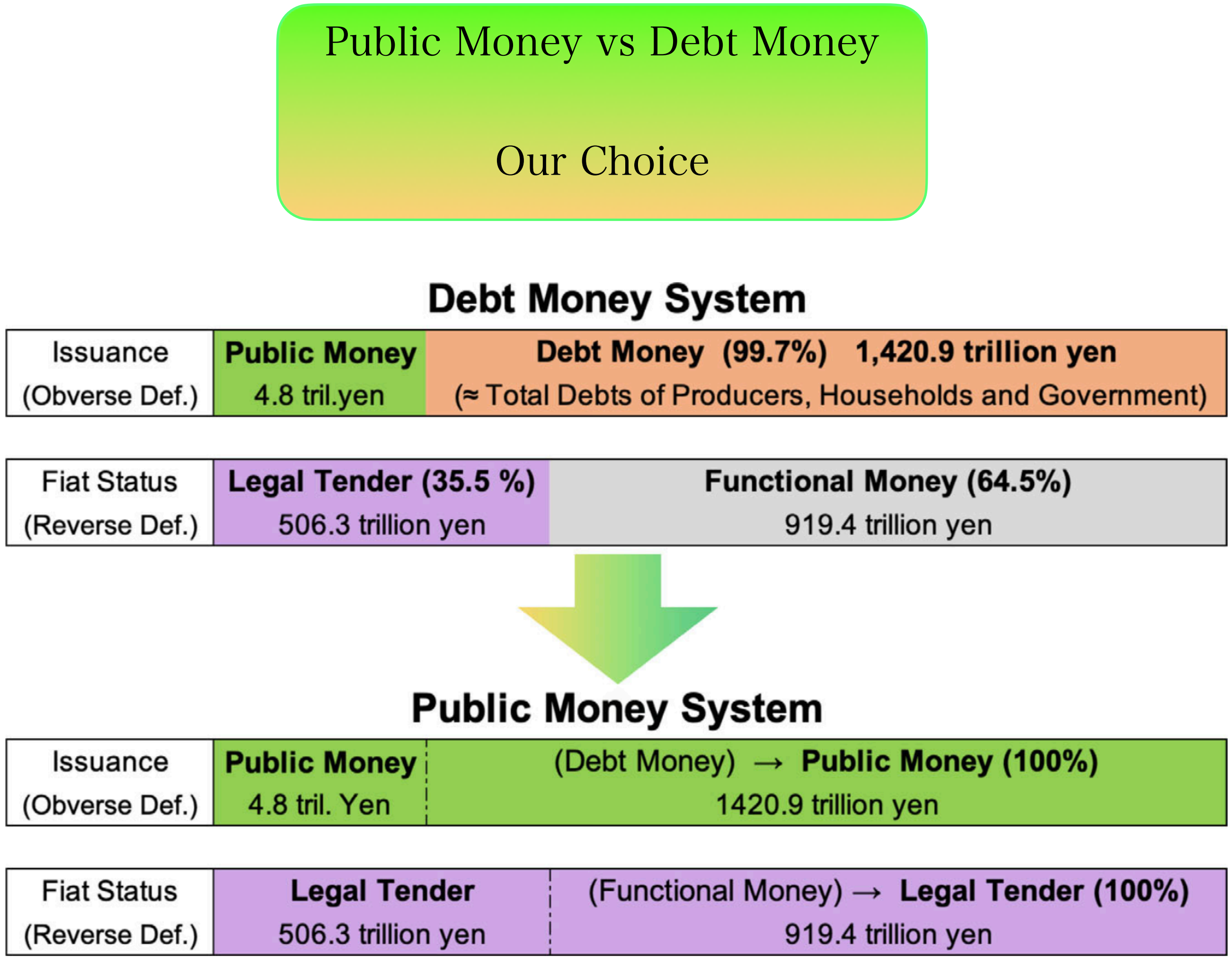
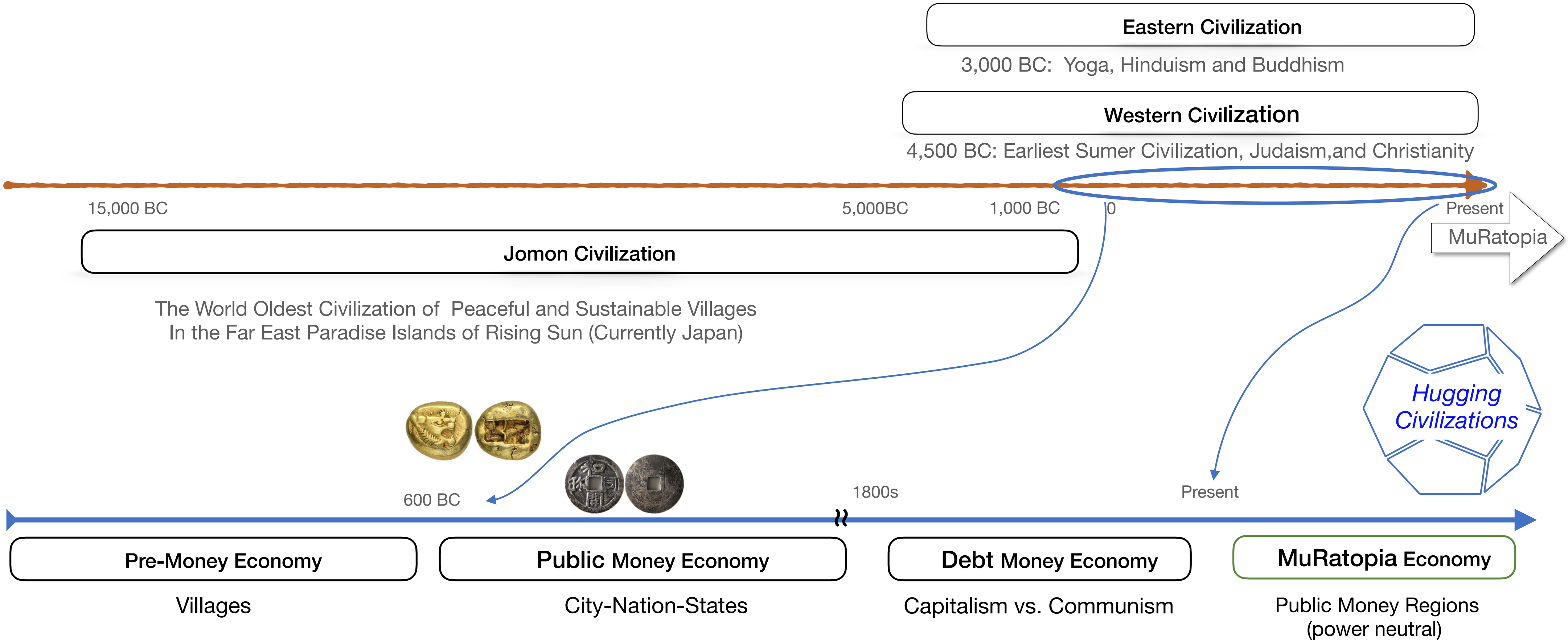
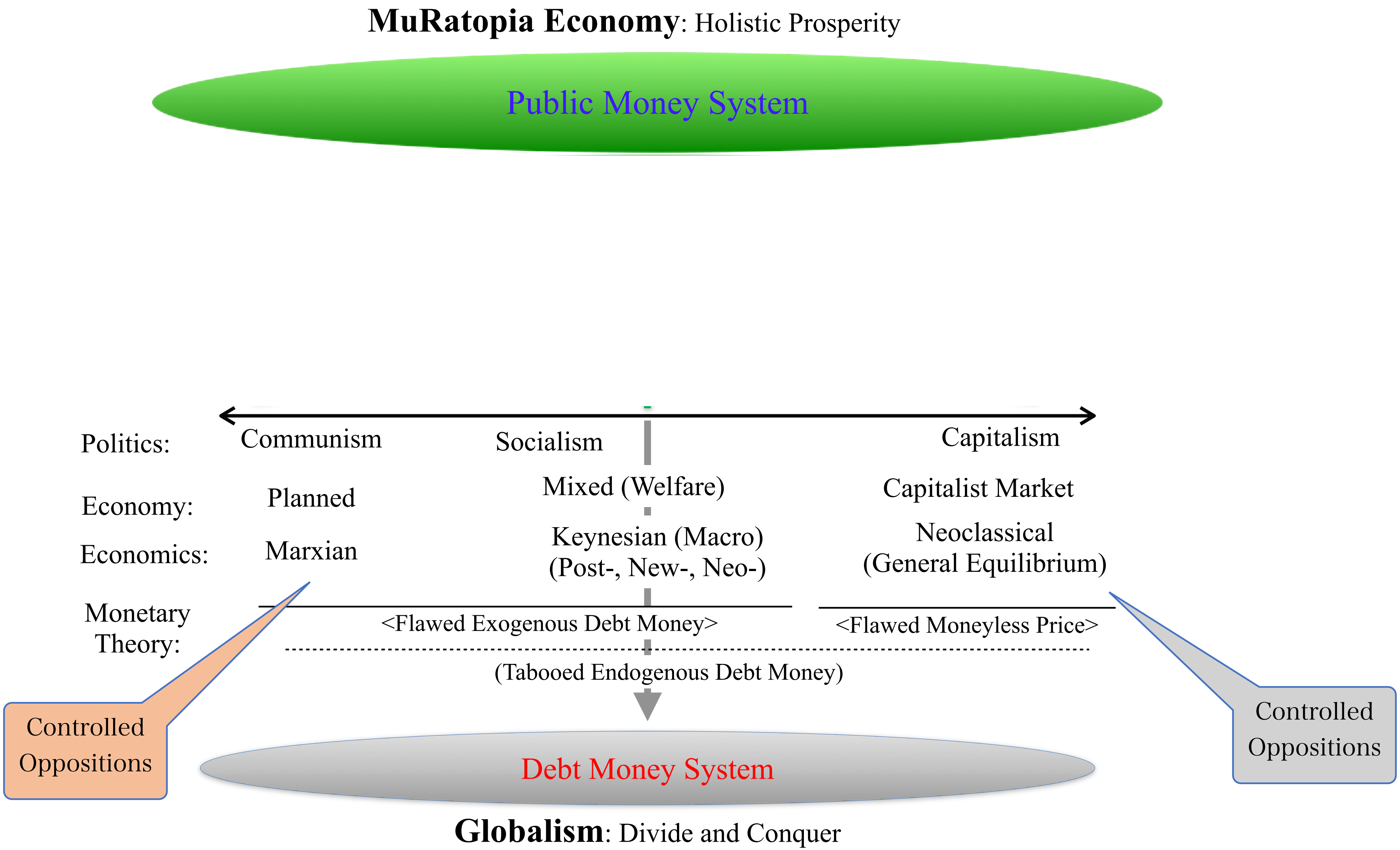


Fig. 2.3 Transition from debt money system to public money system


Eastern Civilization
3,000 BC: Yoga, Hinduism and Buddhism
Western Civilization
4,500 BC: Earliest Sumer Civilization, Judaism,and Christianity
15,000 BC
5,000BC
1,000 BC
0
Present
MuRatopia
Jomon Civilization
The World Oldest Civilization of Peaceful and Sustainable Villages
In the Far East Paradise Islands of Rising Sun (Currently Japan)
Hugging Civilizations
600 BC
1800s
Present
Pre-Money Economy
Villages
Public Money Economy
City-Nation-States
Debt Money Economy
Capitalism vs. Communism
MuRatopia Economy
Public Money Regions
(power neutral)


MuRatopia Economy: Holistic Prosperity
Public Money System
Politics:
Communism
Socialism
Capitalism
Economy:
Planned
Mixed (Welfare)
Capitalist Market
Economics:
Marxian
Keynesian (Macro)
(Post-, New-, Neo-)
Neoclassical
(General Equilibrium)
Monetary Theory:
<Flawed Exogenous Debt Money>
<Flawed Moneyless Price>
(Tabooed Endogenous Debt Money)
Controlled Oppositions
Controlled Oppositions
Debt Money System
Globalism: Divide and Conquer

A Paradigm Shift in Economics as a Science (Part 2)

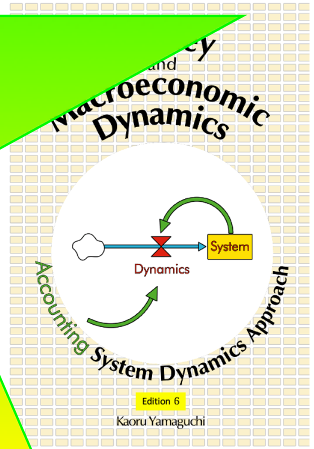
Thank you
for
Your Attention!

2015

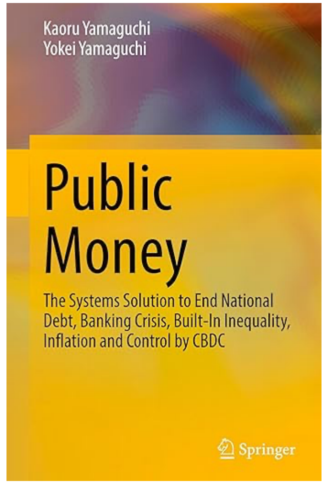
Public Money

2022

An Introduction
to Public Money
(jointly with Yokei Yamaguchi
in Japanese, 2021)



Edition 7
(coming soon)



2025