

Friede Gard Prize 2025
Award Lecture Online
(40 minutes)

Public Money System

A Paradigm Shift in Economics as a Science



by Dr. Kaoru Yamaguchi
Japan Futures Research Center

Saturday, October 18, 2025
9 -1030 am (German time)
4 - 530 pm (Japan time)



Friede-Gard-Stiftung
für Nachhaltige Ökonomik



Friede-Gard-Foundation
for Sustainable Economics

Aktuelle Seite: [Startseite](#) / [The Prizewinners](#) / Friede-Gard-Prize 2025 - Kaoru Yamaguchi

Friede-Gard-Prize 2025 - Kaoru Yamaguchi



Professor Kaoru Yamaguchi, PhD, was awarded the prestigious Friede-Gard-Prize for Sustainable Economics 2025 during the World Expo Osaka. The ceremonial handover of the prize certificate by Professor Klaus Helling from Umwelt-Campus Birkenfeld took place at a small ceremony in the German pavillon.

Professor Yamaguchi was honored for his outstanding scientific contributions to a sustainable economics, especially for his modeling of an alternative monetary system, the so--called Public Money system. He is internationally renowned for his application of the System Dynamics approach towards various macroeconomic theories and their analysis with regard to stability and crisis resilience.

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

Public Money

followed by the Academic Assassination

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

5. (2015-) Academic Resurrection and Findings of “Money as Debt”

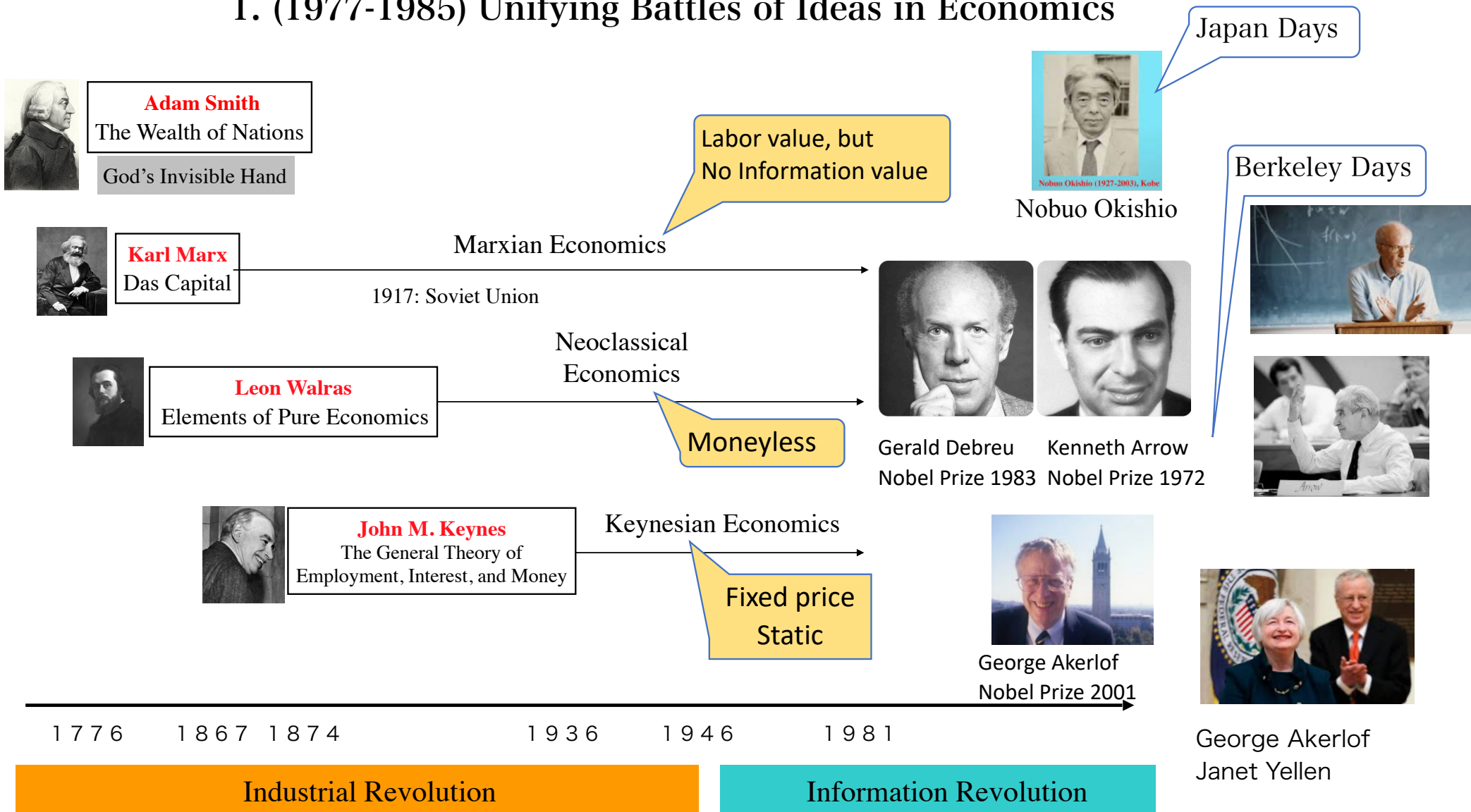
6. (2021-) Paradigm Shift in Economics as a Science

(Debt Money → Public Money)

7. (2025-) Public Money and MuRatopia Economy

Paradigm Shift

1. (1977-1985) Unifying Battles of Ideas in Economics



1.(1977-1985) Unifying Battles of Ideas in Economics



Adam Smith
The Wealth of Nations
God's Invisible Hand



Karl Marx
Das Capital

Marxian Economics

1917: Soviet Union



Leon Walras
Elements of Pure Economics

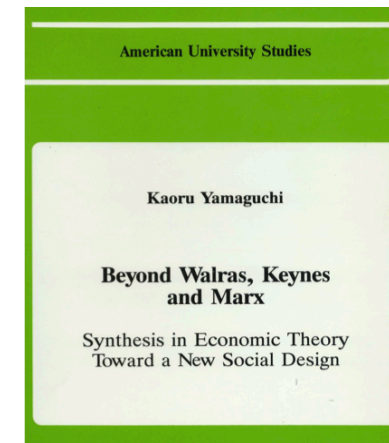
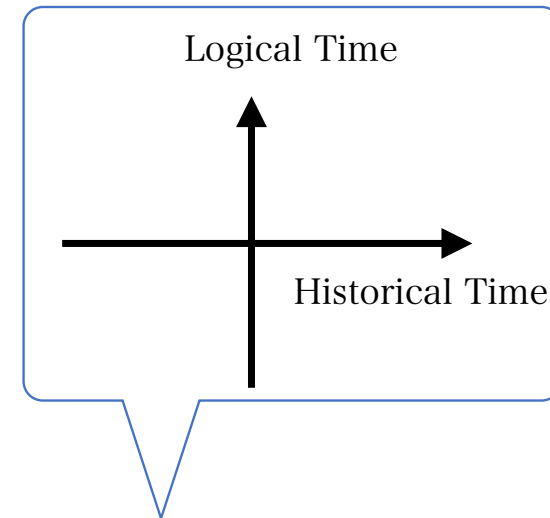
Neoclassical
Economics



John M. Keynes
The General Theory of
Employment, Interest, and Money

Keynesian Economics

Alvin Toffler
The Third Wave



MuRatopia Economy

1776

1867

1874

1936

1946

1981

1988

Industrial Revolution

Information Revolution

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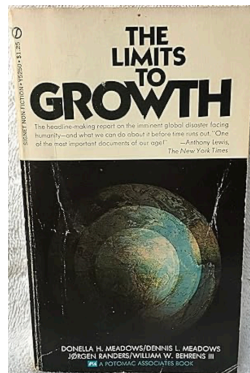
Paradigm Shift

2. (1986-2002) Futures Studies, Sustainability and System Dynamics

- Sustainability and MuRatopia Economy, Chap 5
(with mathematical analysis)

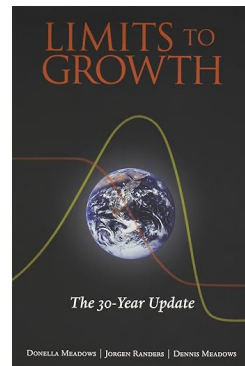
- System Dynamics modeling

Prof. Jay Forrester, MIT
World Model by
the Club of Rome



1972

Jorgen Randers
Friede-Gard Prize
2023



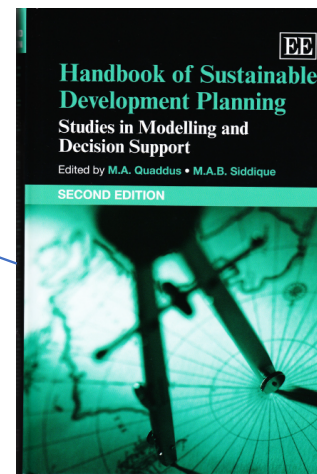
2004



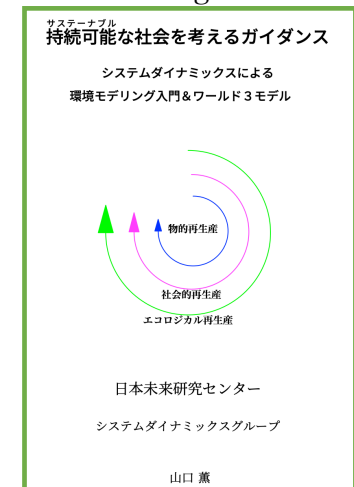
1997

Sustainability
Modeling Guide

- Modeling long-term sustainability, Chap 4
sustainability with SD modeling:
 - Physical Reproducibility
 - Social Reproducibility
 - Ecological Reproducibility



2004
2013

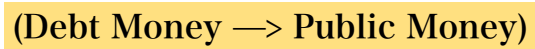


Japan Futures Research Center

How Public Money is Born (part 1)

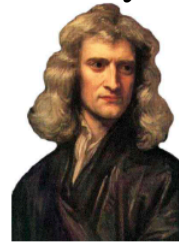
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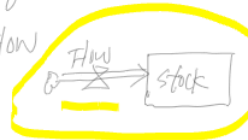
What is ASD ?
(Accounting System Dynamics)



Master of Definit
1717
de facto B/W Standard

How to capture moving objects?
Differential Equations

Stock-Flow



Birth of ASD
(Accounting System Dynamics)



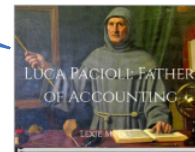
"Renaissance man"

- Such transfer of insights from one setting to another helps to break down the barriers between disciplines. It means that learning in one field becomes applicable to another.

There is now a promise of reversing the trend of the last century that has been moving away from the "Renaissance man" toward fragmented specialization. We can now work toward an integrated, systemic, educational process that is more efficient, more applicable to a world of increasing complexity, and more compatible with a unity in life.

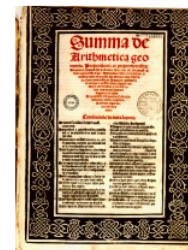
— The Beginning of System Dynamics, p.15
Jay Wright Forrester —

System Dynamics
(Differential Equation)
Foundation of
Natural Science

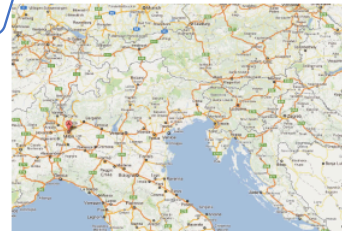


LUCA PACIOLI FATHER
OF ACCOUNTING

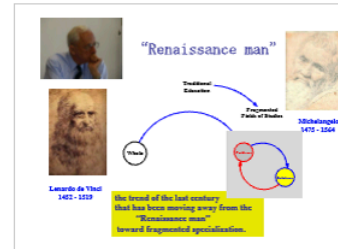
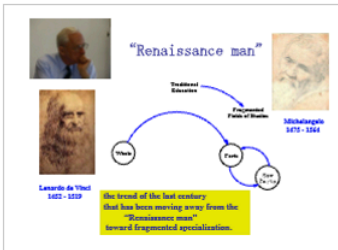
1445 - 1517



1494 in Venice
(27 pages)

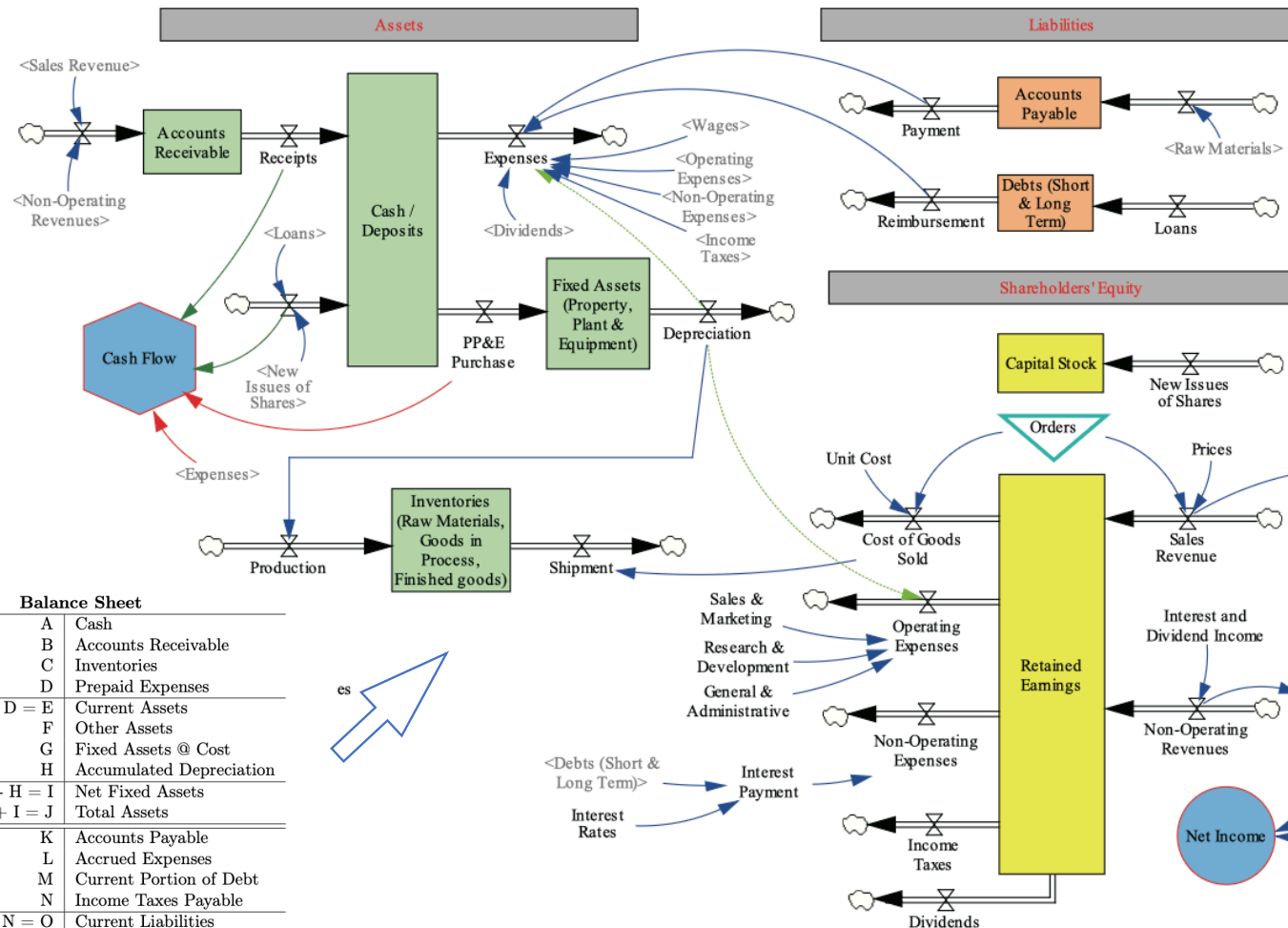


meets
in
2



3. (2003-2009) Accounting System Dynamics and Macroeconomic Modeling

Figure 3.10: Accounting System Dy



Income Statement

1	Net Sales
2	Cost of Goods Sold
1 - 2 = 3	Gross Margin
4	Sales & Marketing
5	Research & Development
6	General & Administrative
4 + 5 + 6 = 7	Operating Expenses
3 - 7 = 8	Income From Operations
9	Net Interest Income
10	Income Taxes
8 + 9 - 10 = 11	Net Income

Table 3.2: Income Statement in Ittelson (1998)

Balance Sheet	
A	Cash
B	Accounts Receivable
C	Inventories
D	Prepaid Expenses
A + B + C + D = E	Current Assets
F	Other Assets
G	Fixed Assets @ Cost
H	Accumulated Depreciation
G - H = I	Net Fixed Assets
E + F + I = J	Total Assets
K	Accounts Payable
L	Accrued Expenses
M	Current Portion of Debt
N	Income Taxes Payable
K + L + M + N = O	Current Liabilities
P	Long-Term Debt
Q	Capital Stock
R	Retained Earnings
Q + R = S	Shareholders' Equity
O + P + S = T	Total Liabilities & Equity

Table 3.1: Balance Sheet in Ittelson (1998)

3. (2003-2009) Accounting System Dynamics and Macroeconomic Modeling

ASD Macroeconomic Modeling Series

- ① Principle of Accounting System Dynamics
- Modeling Corporate Financial Statements -
New York City, July 20-24, 2003
- ② Money Supply and Creation of Deposits (SD modeling 1)
University of Oxford, England, July 25 - 29, 2004
- ③ Aggregate Demand Equilibria and Price Flexibility (SD modeling 2)
Boston, USA, July 17-21, 2005 -> Visit Prof. Jay Forrester (Sept. 14)
- ④ Integration of Real and Monetary Sector with Labor Market (SD modeling 3)
Nijmegen, The Netherlands, July 23 - 27, 2006
- ⑤ Balance of Payments and Foreign Exchange Dynamics (SD modeling 4)
Boston, USA, July 29 – August 2, 2007
- ⑥ Open Macroeconomies as a Closed Economic System (SD modeling 5)
Athens, Greece, July 20 – July 24, 2008



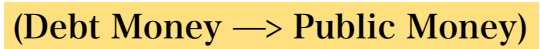
Prof. Jay Forrester confirmed
my macro models are different
from his National Models

This modeling series of
5 years is done in 2008

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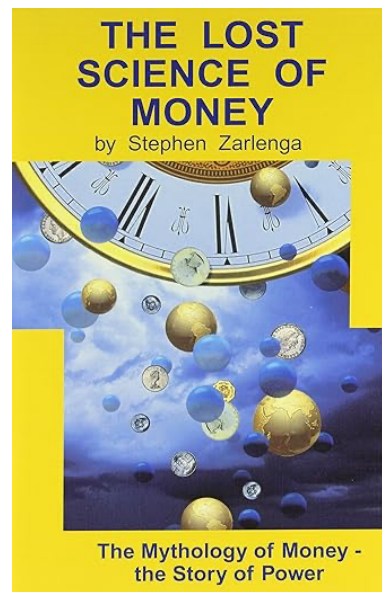
4. (2010-2014) Modeling American Monetary Act and the Birth of Public Money

Financial Crisis (Lehman Shock) in 2008 and
Search for its Economic Causes

with Stephen Zarlenga
Founder of AMI



July 26, 2011 Washington DC



2002

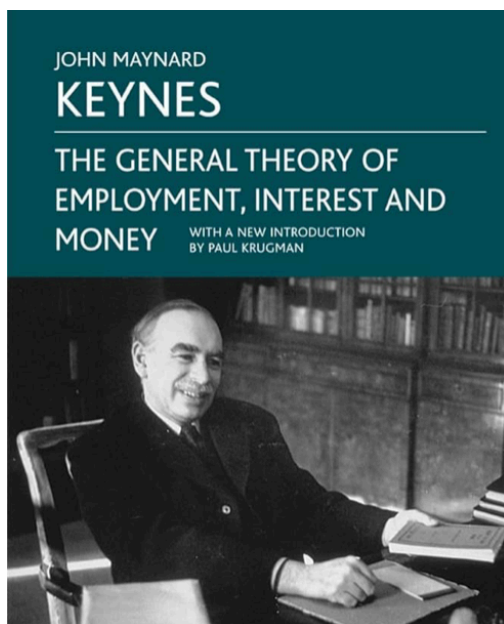
Lessons from the Great Depression in 1930s

- (1) **Chicago Plan**
Henry Simons & Paul Douglas (Chicago)
Irving Fisher(Yale) : 100% Money Plan
- Failed to be Implemented
- (2) **Banking Act of 1933 (Glass-Steagall Act)**
Separation of Depository Banks
from Wall Street Investment Banks
- Repealed in 1999 by
Gramm-Leach-Bliley Act

4. (2010-2014) Modeling American Monetary Act and the Birth of Public Money

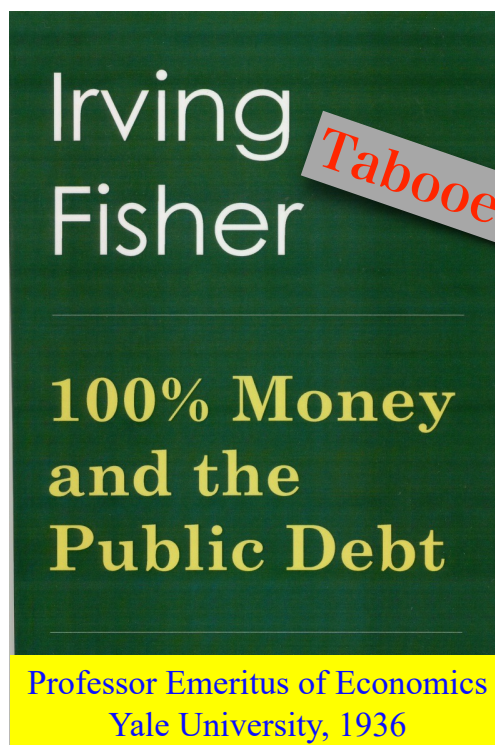
- Two Major Lessons from the Great Depression -

General Theory



1936

Chicago Plan



As I have stated elsewhere*, I have come to believe that the plan, "properly worked out and applied, is comparably the best proposal ever made for speedily and permanently solving the problem of depressions; for it would remove the chief cause of both booms and depressions, namely the instability of demand deposits, tied as they are now, to bank loans." (p.8)

* 100% MONEY, Aldephi Company, NY, 1936

4. (2010-2014) Modeling American Monetary Act and the Birth of Public Money

A Monetary Reform: Chicago Plan → American Monetary Act

**A Debt Money System
- Money out of Nothing -**

- 1. Privately-Owned Central Bank issues Money (Notes)**
- 2. Credit Creation by Commercial Banks (A Fractional Reserve System)**
- 3. Monetary Control by (and for) the Elite Bankers**

**A Public Money System
- the American Monetary Act -**

- 1. Government Issues Money (Nationalization of the Central Bank)**
- 2. 100% Fractional Reserve (Abolishment of the Credit Creation)**
- 3. Money as Public Utility for the Economic Growth and Public Welfare**

4. (2010-2014) Modeling American Monetary Act and the Birth of Public Money

Workings of A Public Money System of Open Macroeconomies

- Modeling the American Monetary Act Completed-

The Birth of
“Public Money”

**The 29th International Conf.
of the System Dynamics Society**

Washington D.C. USA

July 24 - 28, 2011

- Debt-Free Money
- Interest-Free Money
- Government Money
- Government-issued Money
- Treasury-issued Money
- Sovereign Money
- National Money
- State Money
- etc.

Prof. Kaoru Yamaguchi, Ph.D.

Doshisha Business School

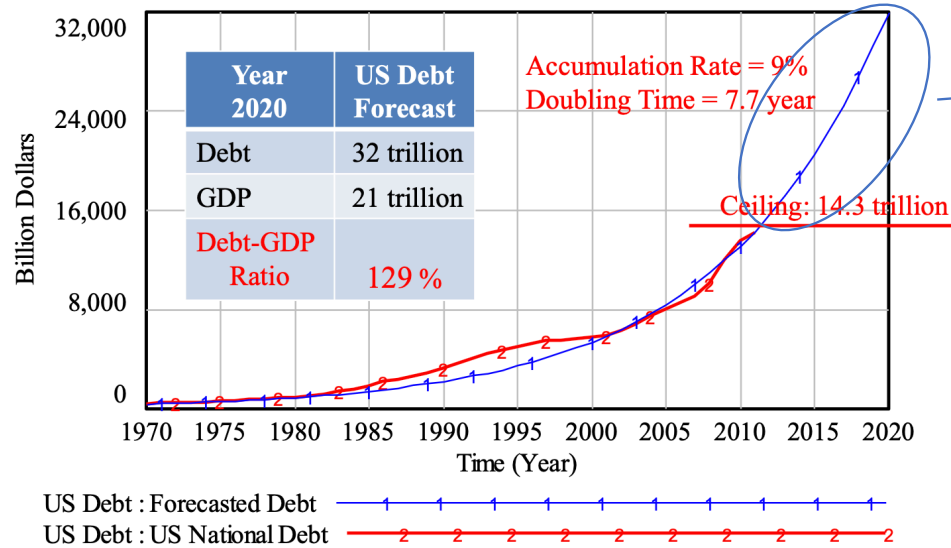
Doshisha University, Kyoto, Japan

E-mail: kaoyamag@mail.doshisha.ac.jp

US National Debt and its Forecast

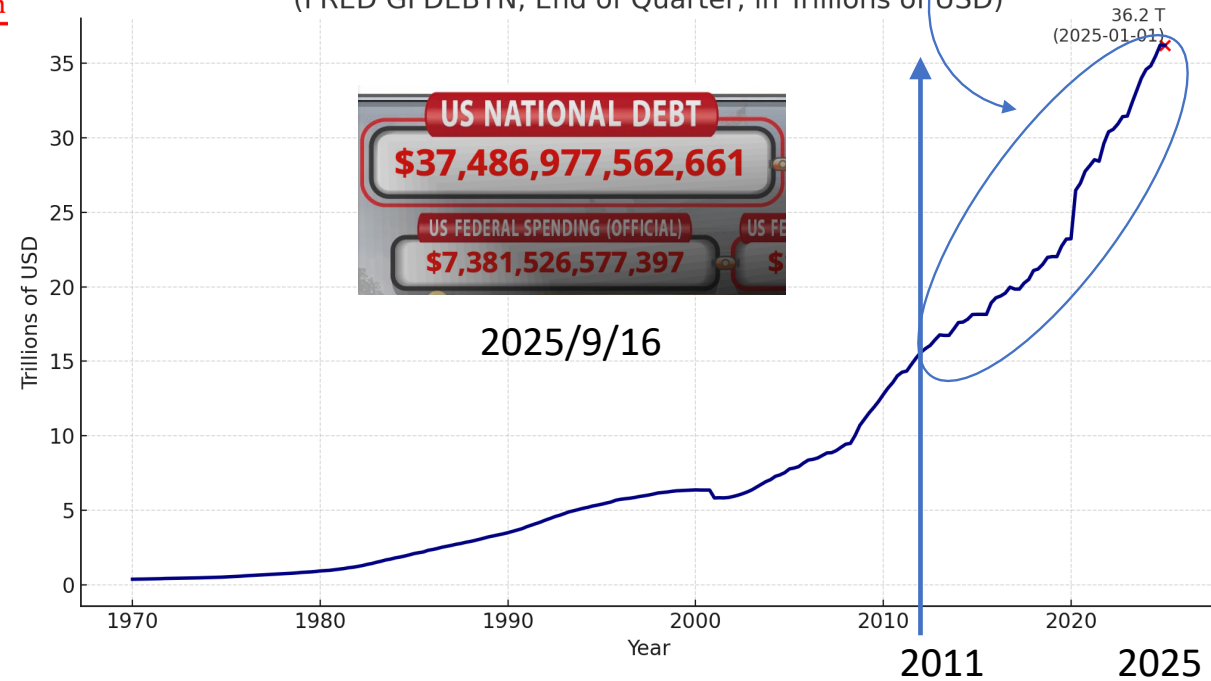
1970 - 2020

predicted in 2011



US Debt Accumulation followed as Predicted 15 years ago !

U.S. Federal Government Debt: Total Public Debt, 1970-2025
(FRED GFDEBTN, End of Quarter, in Trillions of USD)



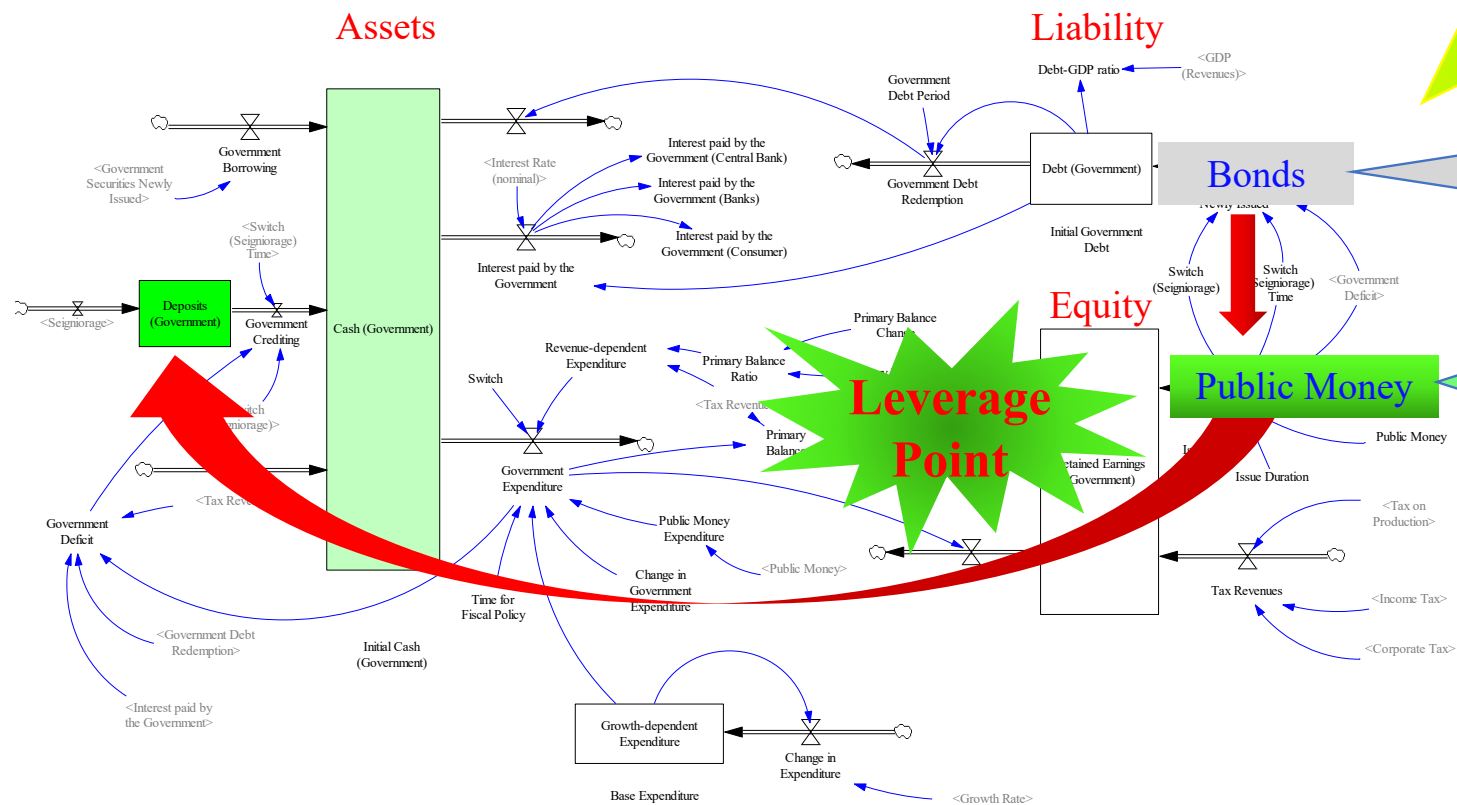
A Public Money System

1. Government Issues Money

Essence of
Paradigm
Shift

Instead of borrowing
by issuing Govt. Bonds

Issuing Public Money
as Equity



4. (2010-2014) Modeling American Monetary Act and the Birth of Public Money

Congressional Briefing 2011, July 26, 2011
Office of Congressman Dennis Kucinich

Briefing Outline
Prof. Kaoru Yamaguchi, Ph.D.
Graduate School of Business
Doshisha University, Kyoto, Japan

- A. There are only two types of money:
 - a. Public Money
 - b. Debt Money
- B. Under the Debt Money System, someone has to keep borrowing to provide a sufficient money supply for growing economies.
- C. That "someone" must be the Government. Thus, a balanced budget does not work for the national government. Persistent borrowing eventually leads to a debt crisis. Raising the debt ceiling is like providing a painkiller without an operation.
- D. A debt crisis is an impasse, leading to one of three scenarios:
 - a. Default
 - b. Financial Meltdown
 - c. Hyperinflation
- E. To avoid an impasse, debt must be reduced, either by spending less or taxing more.
- F. This debt reduction policy, however, triggers:
 - a. Recession and Unemployment
 - b. Social Disorder and Turmoil (like Greece)

CONCLUSION: The current Debt Money system is a dead-end.



We can liquidate Debt
without triggering
Recession, Unemployment
& Inflation !

US Congressional Briefing
July 26, 2011
At Capitol Hill, Washington DC

- G. Public Money as proposed by the American Monetary Act:
 - a. The government issues money (not bank notes from banks)
 - b. 100% Fractional Reserve (no credit money)
 - c. Constant increase in Public Money as a Public Utility
- H. Under the Public Money System, current government debt can be gradually reduced without recession, unemployment or inflation.
- I. A Public Money Policy becomes simpler than Keynesian Policies:
 - a. Recession and Unemployment → Increase public money
 - b. Inflation → Decrease public money

CONCLUSION: the Public Money System is worth being implemented

- J. The National Emergency Employment Defense "NEED" Act (HR 6550 in 111th Congress) fully incorporates the Public Money System.

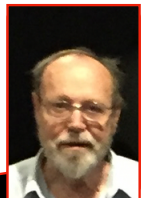
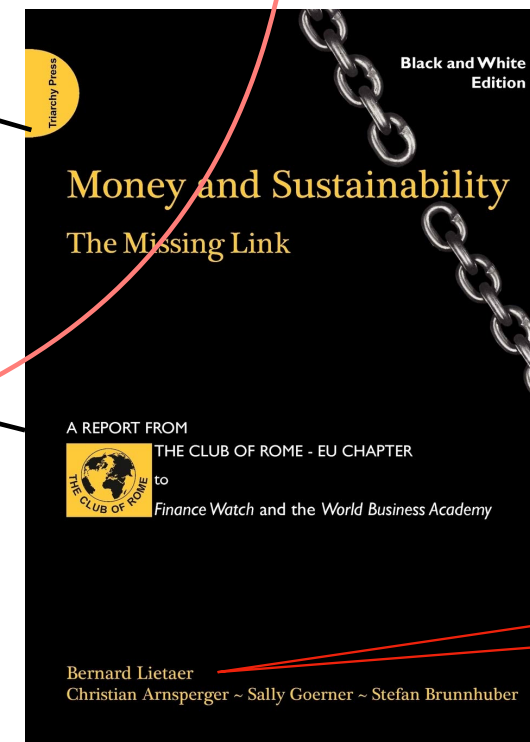
Congressman Dennis Kucinich is proposing the American Monetary Act, an equivalent of the Chicago Plan. On 26 July 2011, Kucinich invited Professor Kaoru Yamaguchi from Doshisha University in Japan, to give a congressional monetary briefing on this idea. Yamaguchi's paper uses a systems approach to show that the liquidation of debts under the current monetary regime will trigger multiple recession and massive unemployment in the USA with contagion to other economies. In contrast, under the American Monetary Act, debt reduction and even debt liquidation can be put into effect without causing recession, unemployment and inflation, either in the USA or abroad. (Money and Sustainability, 2012, p.129.)

Any version of the Chicago Plan will be fought to the death by the banking system because it threatens both its power base and its business model. Even after the excesses triggering the 2007-2008 collapse, or in the middle of the Great Depression of the 1930s, the banking lobby managed to deflect the implementation of any significant changes. Recall that in 2010, for every elected official in Washington, there were three high-level lobbyists working full-time for the banking system.

(Money and Sustainability, 2012, p.130-31.)

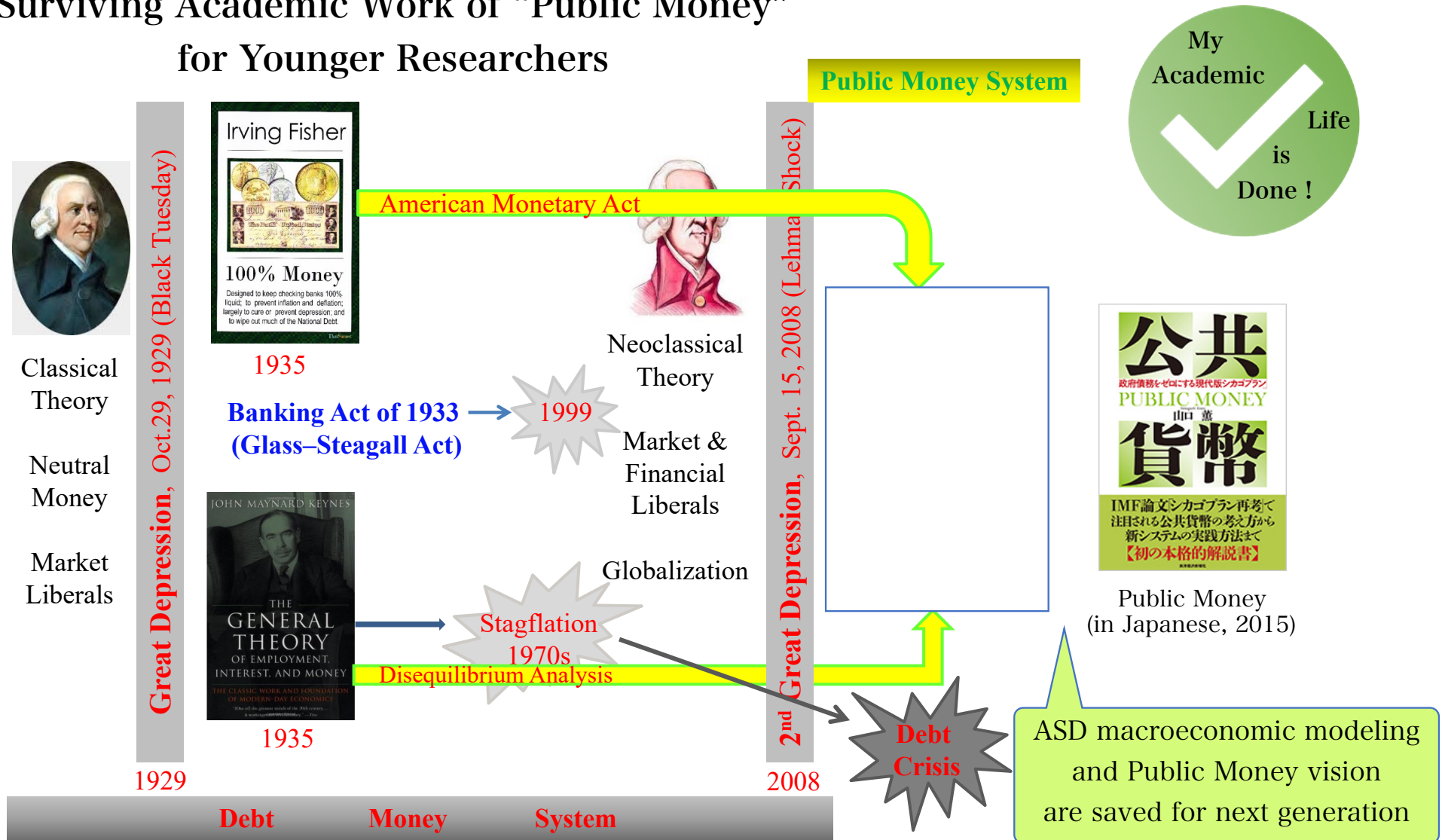
Academic Assassination

- 2011/7/26 Congressional Briefing
- 2012/5/30 A Report from The Club of Rome - EU Chapter "Money and Sustainability" (210 pages)
- 2013/3/31 Dismissal from Doshisha University, Japan



1942 - 2019

Surviving Academic Work of “Public Money” for Younger Researchers

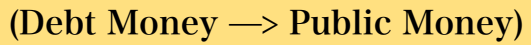


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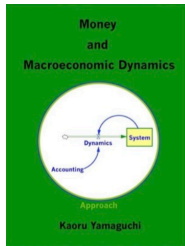
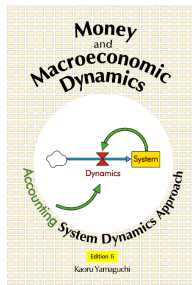
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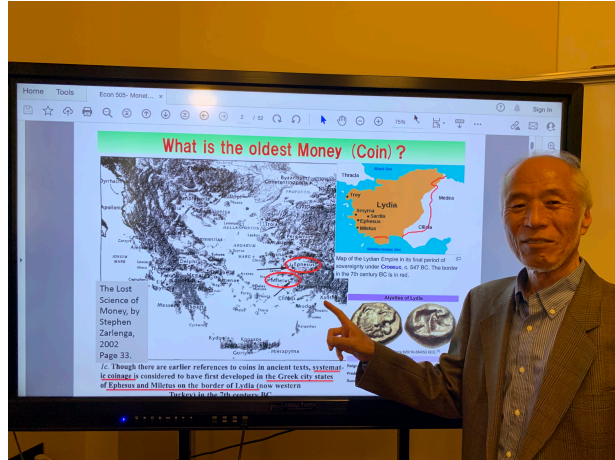
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Academic Resurrection in Turkey and Paradigm Shift in Economics

- (2015, 2017) Macroeconomic Workshop in Ankara, Turkey
- (2018–22) Invited to teach Graduate Courses in Ankara, using “Money and Macroeconomic Dynamics”



2013

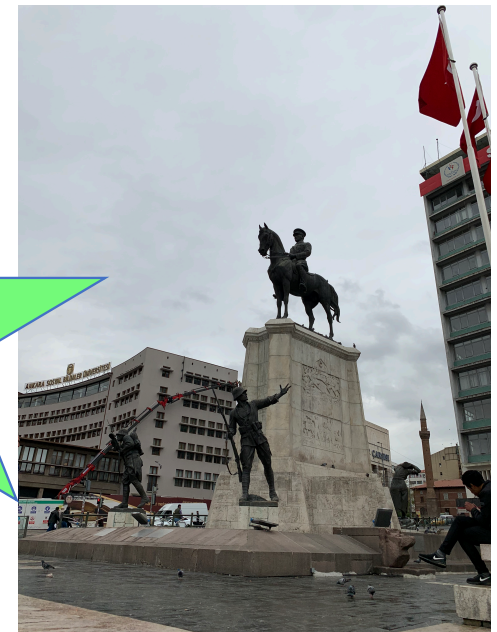


Teaching “Monetary Theory”



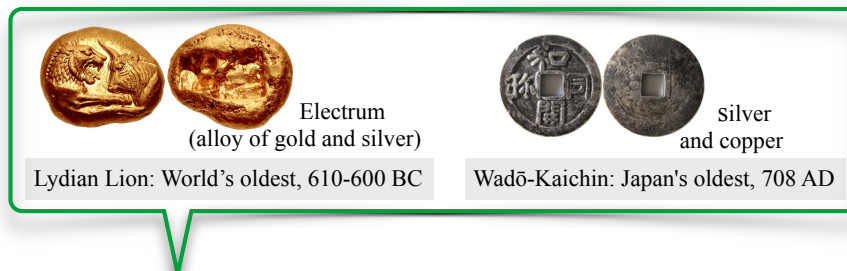
Dr. Syed Mahmud and
ASBU President

Surprise
Invitations



Social Sciences University
of Ankara (ASBU)

Classification of Money (Japan)



Unit: Trillion JPY (¥)

Issuance (Obverse Def.)	Public Money 4.8	Debt Money (99.7%) 1420.9 (≈ Total Debts of Producers, Households and Government)			
Types of Money in Japan (As of 2018)	Government Coins	Bank of Japan Notes	Reserves	Functional Money (Mf)	
	4.8	107.6	393.9	324.9	
Base Money (M0)	506.3				
Money Stocks (As of 2018)	Cash		Demand Deposits		Time Deposits
	112.4		718.8		594.5
M1	831.2				
M3	1,425.7				
Fiat Status (Reverse Def.)	Legal Tender (35.5%) 506.3			Expanded Functional Money (Mf) (64.5%) 919.4	

Data Source: Bank of Japan (2019). Monetary Statistics & FFA data.

Image Source: Lydian electrum (Wikipedia); WadoKaiho-gin (Wikipedia).

What is Money ?

Where does it come from ?

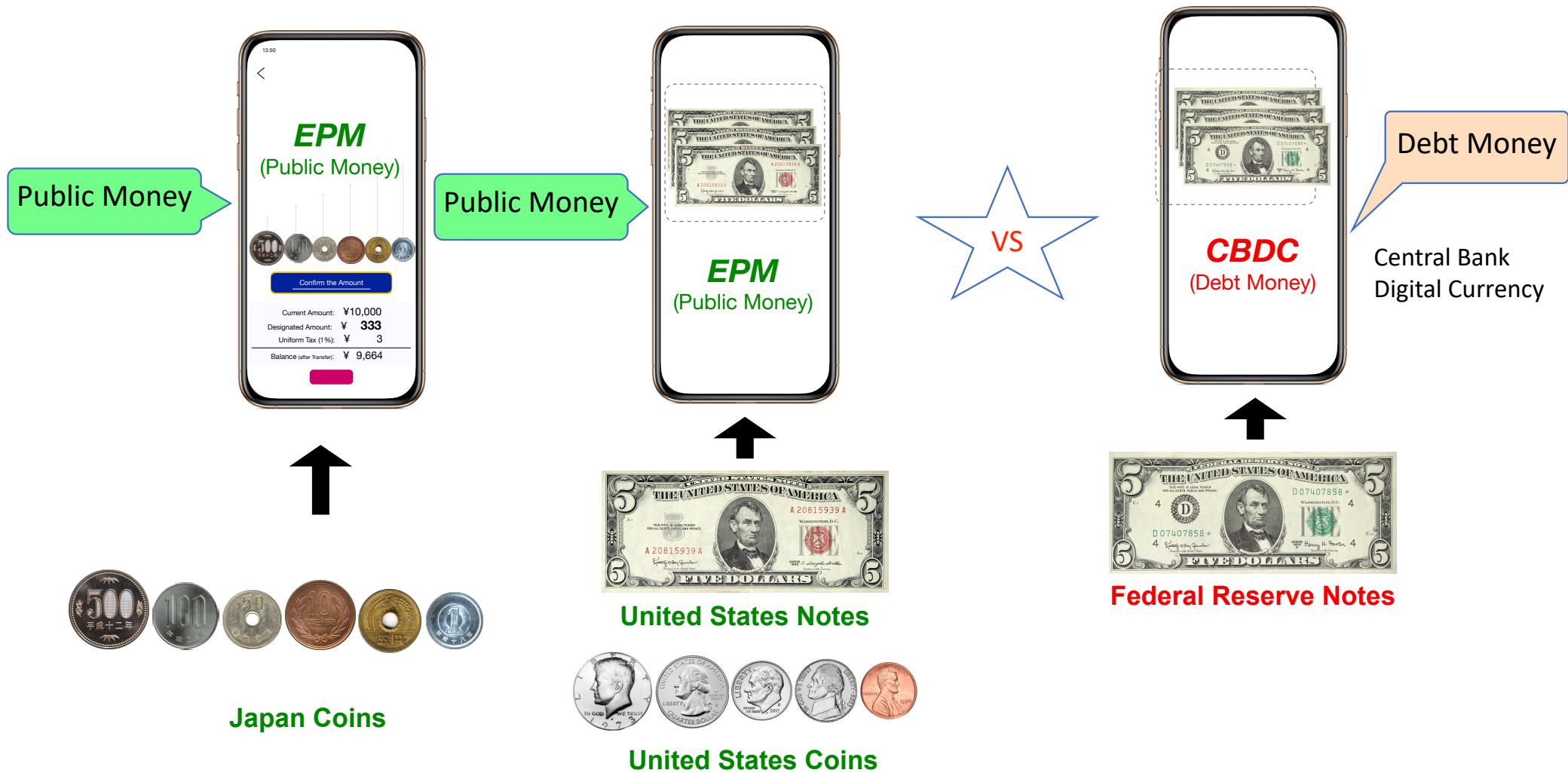
Public Money
(United States Note)
interest-free



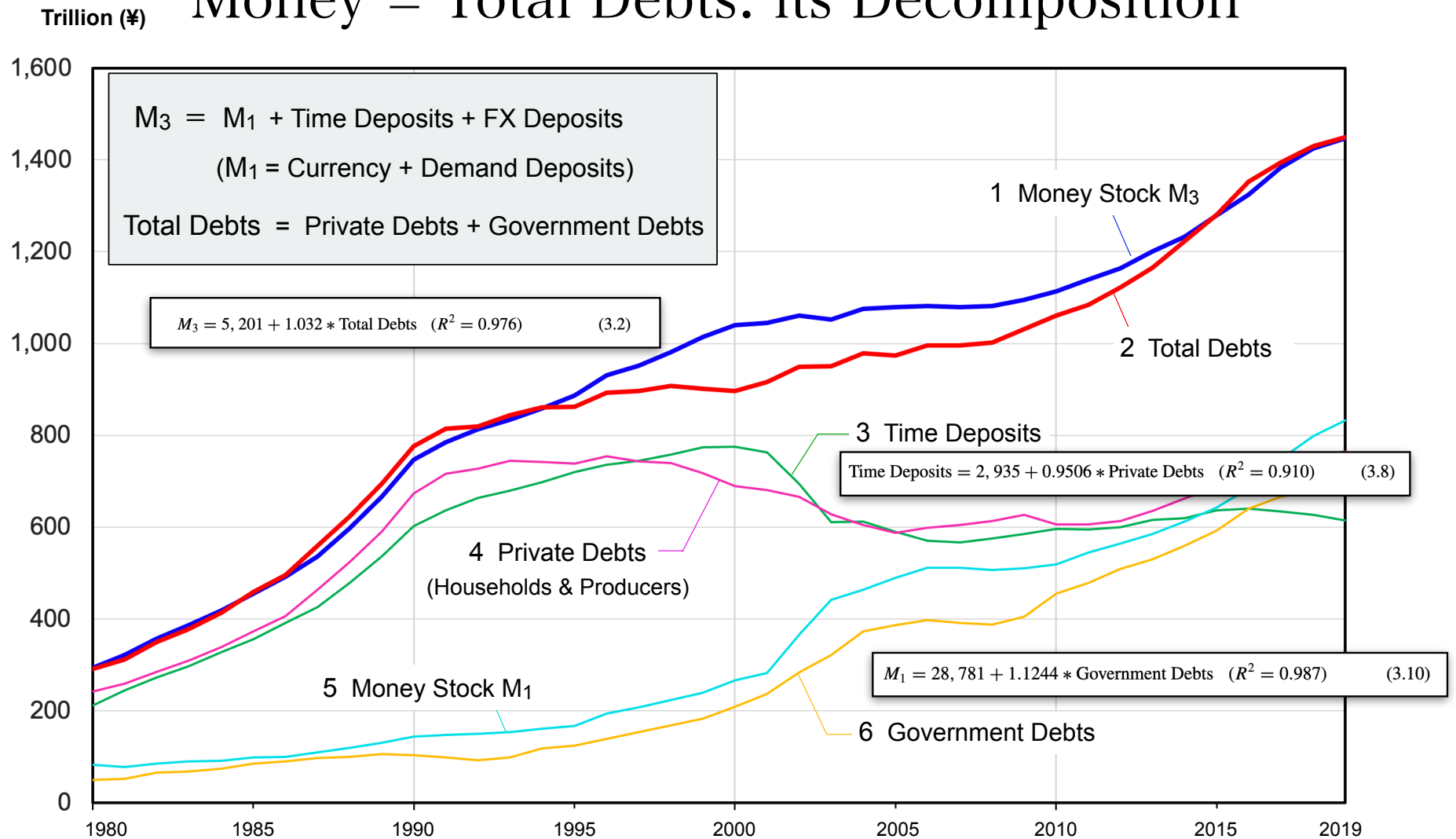
Debt Money
(Fed Reserve Note)
at interest



Digital Money



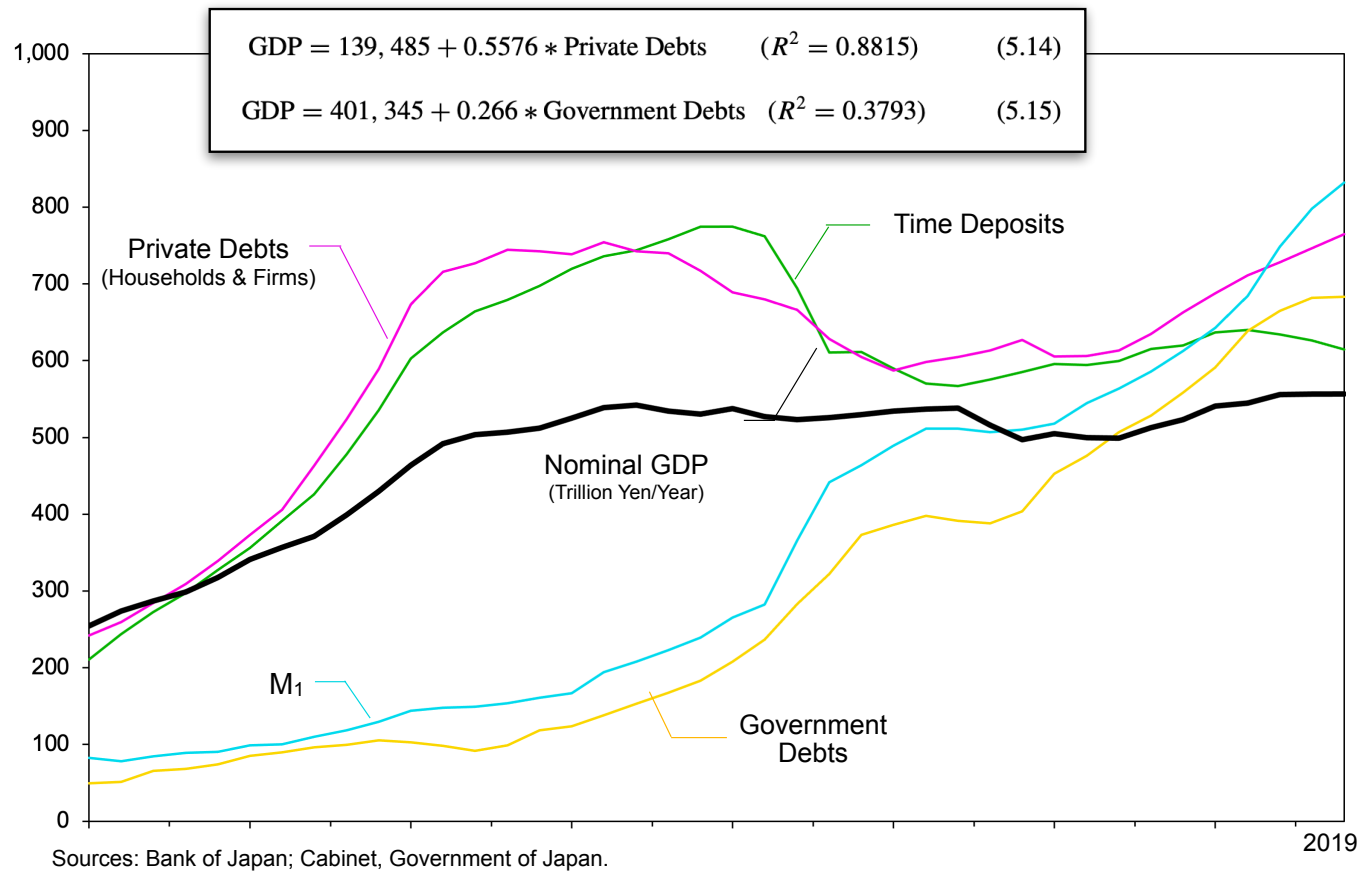
Money = Total Debts: its Decomposition



Source: Bank of Japan (2020) Flow of Funds Accounts.

(Trillion Yen)

Monetary Decomposition and GDP



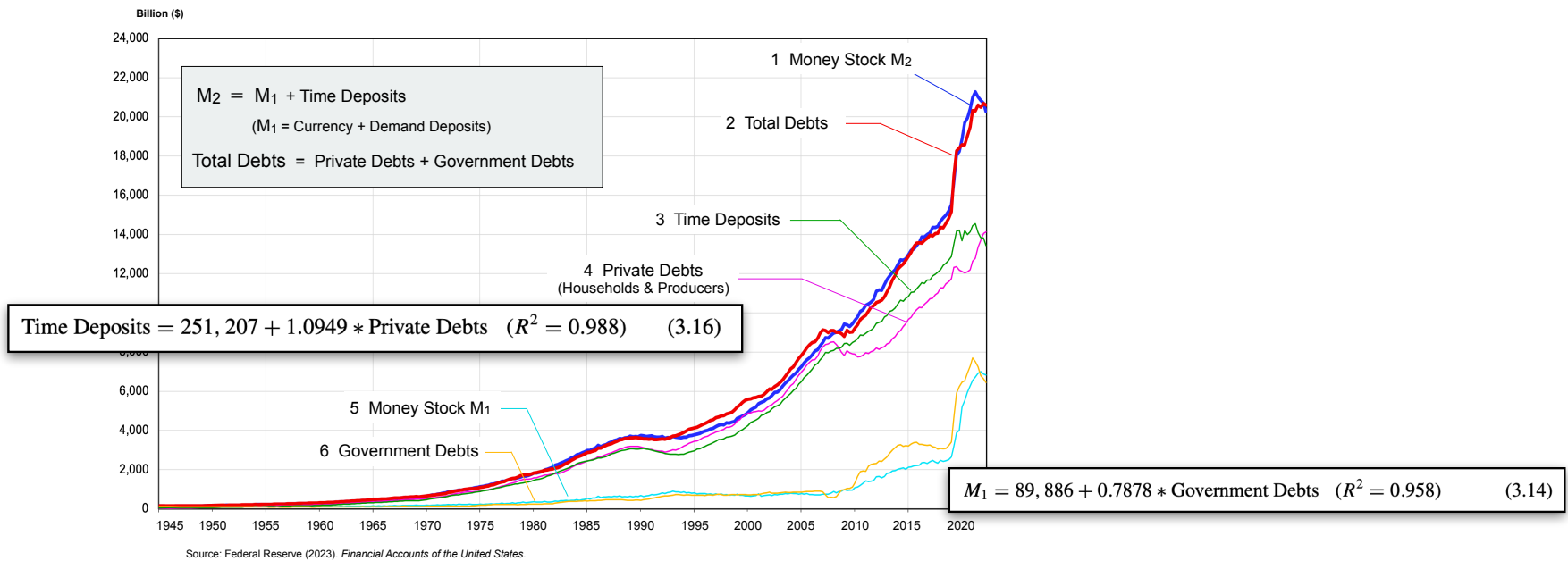
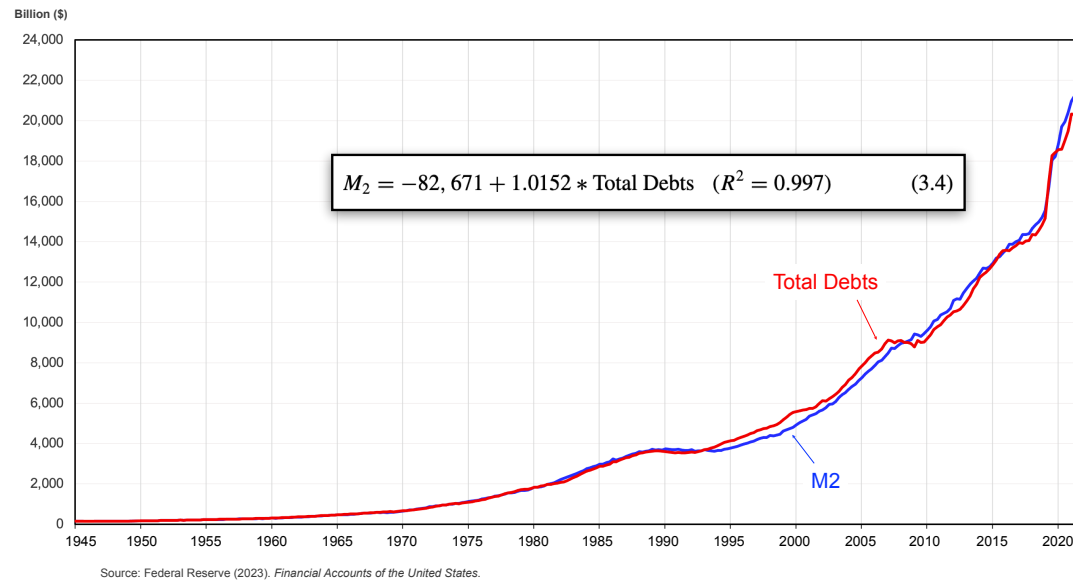
$$\text{GDP} = 148,537 + 0.4917 * \text{Private Debts} + 0.10934 * \text{Govt. Debts} \quad (R^2 = 0.93333) \quad (5.16)$$

Classification of Money (United States)

Unit: Billion USD (\$)

Issuance (Obverse Def.)	Public Money 51.4	Debt Money (99.8%) 20,648.6 (≈ Total Debts of Producers, Households and Government)			
Types of Money in the U.S. (As of 2022)	Government Coins	Federal Reserve Notes	Reserves	Functional Money (Mf)	
	51.4	2,257.6	3,359.1	1,211.6	
Base Money (M0)	5,668.1				
Money Stocks (As of 2022)	Cash		Demand Deposits		Time Deposits
	2,309.0		4,570.7		13,820.3
M1	6,879.7				
M2	20,700.0				
Fiat Status (Reverse Def.)	Legal Tender (27.4%) 5,668.1			Expanded Functional Money (MF) (72.6%) 15,031.9	

Source: Federal Reserve (2023) Financial Account of the United States.



How Public Money is Born (part 1)

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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

6. (2021-) Paradigm Shift in Economics as a Science

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 approaches 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.
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 macroeconomic 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.

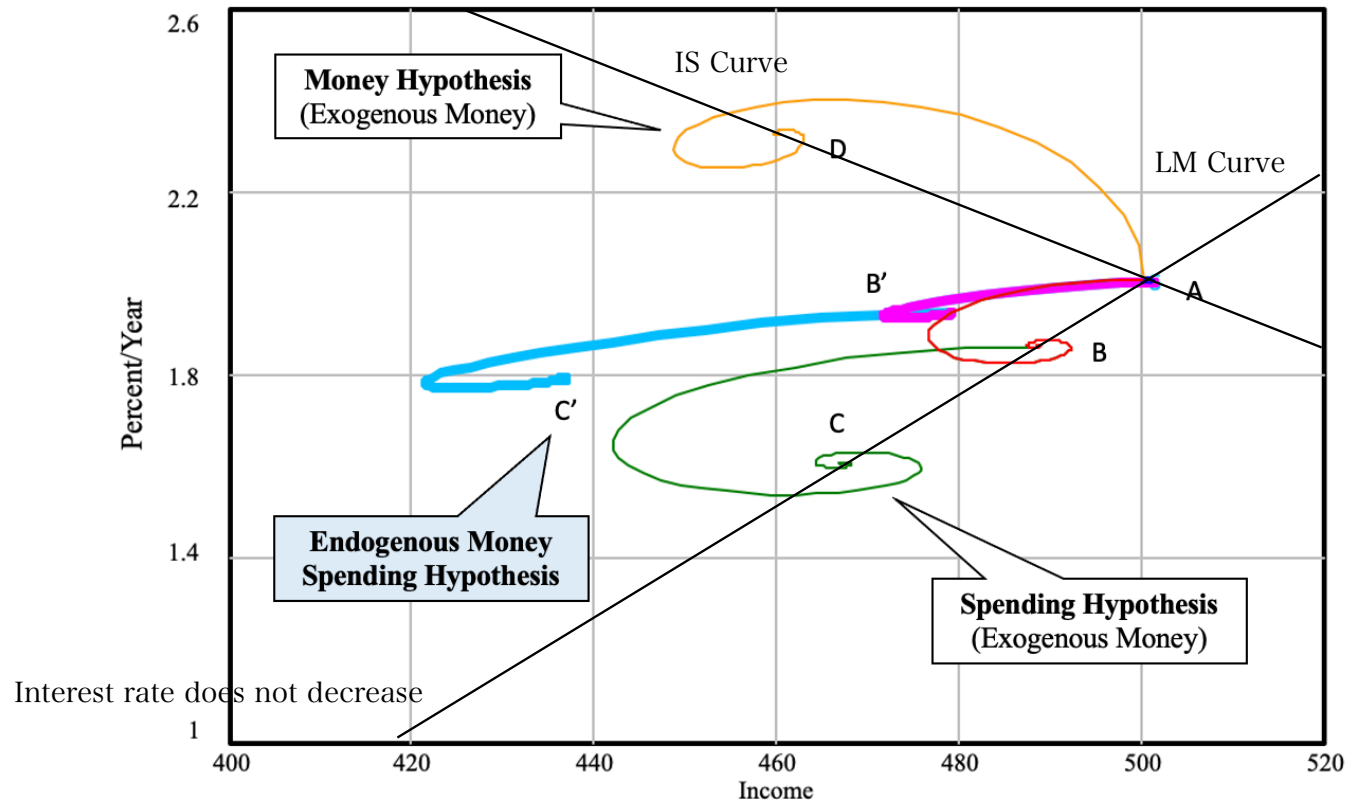
Fictitious

False
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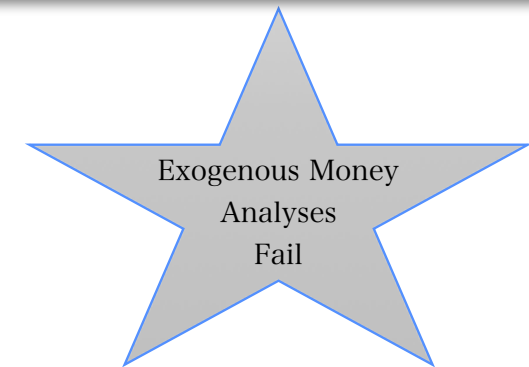
“No theory of money is offered, and it is assumed that the economy works without the help of a good serving as medium of exchange (1959, p.28)”
(Debreu: Theory of Value)

Fig. 9.1 Classification of monetary theories failed to explain Great Depression and Japan's Lost 30 Years.
(May be workable under Public Money System)

IS-LM Analysis of the Great Depression (1929 - 1933) with Exogenous Money (Fails)



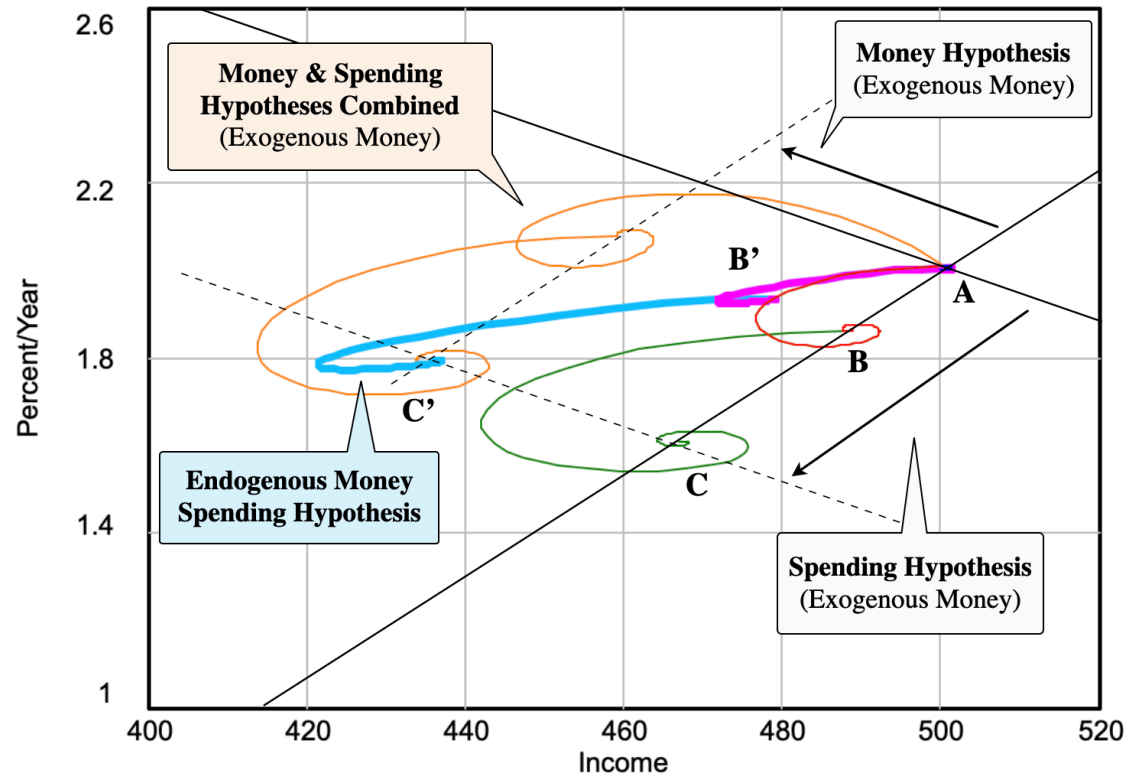
	M^s	P	$\frac{M^s}{P}$	i	r
The Great Depression (1929-1933)	↓	↓	↑	↓	↑
Spending Hypothesis	→	→	→	↓	↓
Money Hypothesis	↓	→	↓	↑	↑



"Interest Rate (nominal)" : IS-LM Equilibrium.vdxf
 "Interest Rate (nominal)" : IS-I(-).vdxf
 "Interest Rate (nominal)" : IS-I(-)C(-).vdxf
 "Interest Rate (nominal)" : IS-I(-) EndoM.vdxf
 "Interest Rate (nominal)" : IS-I(-)C(-) EndoM.vdxf
 "Interest Rate (nominal)" : LM-M(-).vdxf

Money supply does not decrease

IS-LM Analysis of the Great Depression (1929 - 1933) with Endogenous Money (Succeeds)



Endogenous Money

	M^s	P	$\frac{M^s}{P}$	i	r_{ante}	r_{post}
Spending Hypothesis (Case 4)	↓	↓	↑	↓	↓ ↑	↑



Nominal Interest Rate : ISLM Equilibrium.vdxf 1 1 1

Nominal Interest Rate : IS I(-).vdxf 2 2 2

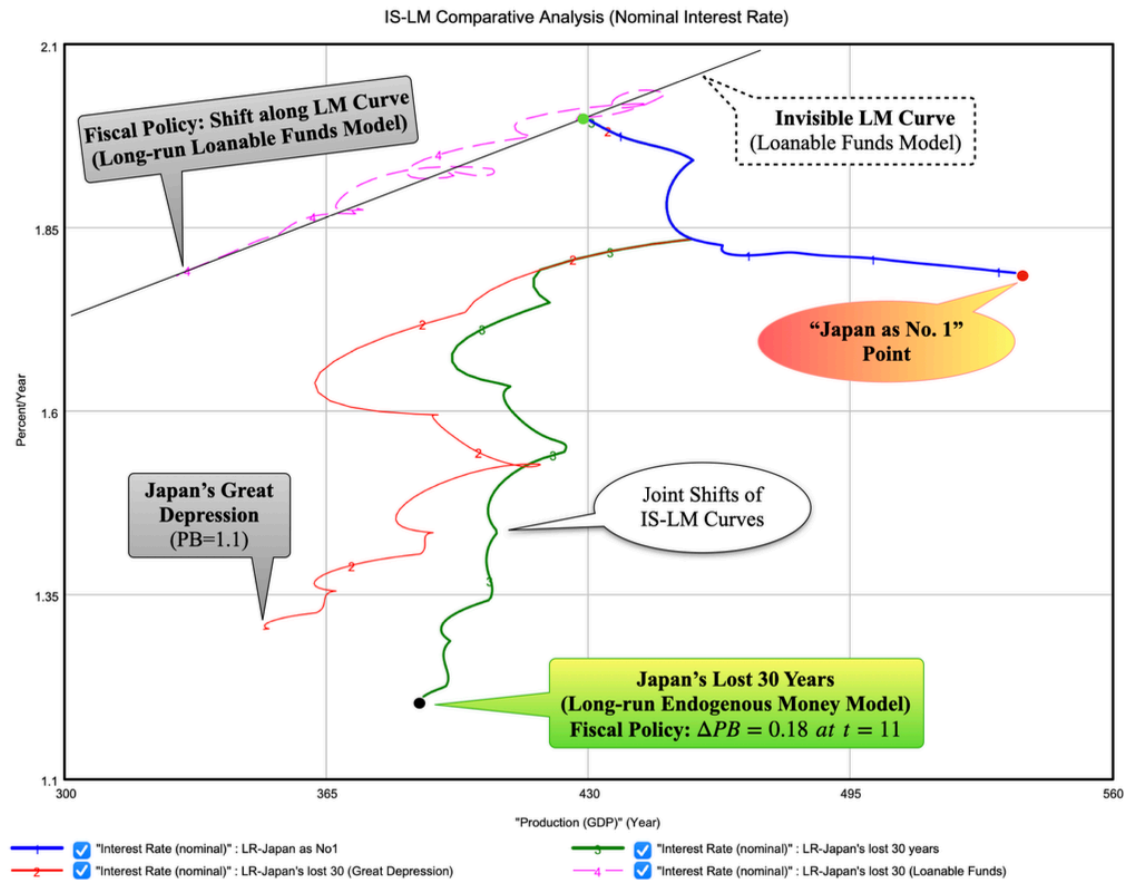
Nominal Interest Rate : IS I(-) C(-).vdxf 3 3 3

Nominal Interest Rate : IS I(-) EndM.vdxf 4 4 4

Nominal Interest Rate : IS I(-) C(-) EndM.vdxf 5 5 5

Nominal Interest Rate : IS I(-) C(-) LM M(-).vdxf 6 6 6

IS-LM Analysis of the Japan's Lost 30 Years (1991 - 2020) with Endogenous Money and Budget Equations



Endogenous Money
Analyses
Succeed

with Budget Equations

Figure 19: Point J of Japan's Lost 30 Years

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 approaches 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.
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?

Fig. 9.1 Classification of monetary theories and their proponents

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

Genuine

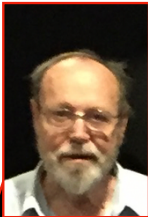
Fictitious

False
(fake)

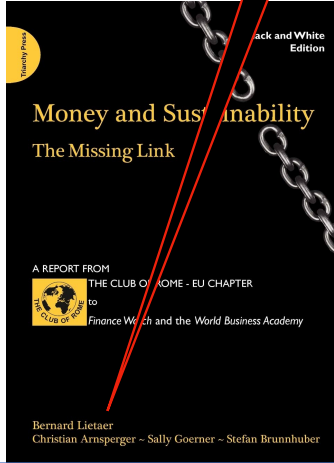
Monetary Theory	
Public Money	Public Money Theory
Commodity	Mainstream Neoclassical: Moneyless Price and Commodity Money Theory
Keynesian	Mainstream Keynesian: Exogenous Debt Money Theory (Flow Approach)

(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



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.
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).	Keynesian macroeconomic models such as the IS-LM analysis featured in standard macroeconomic textbooks, applied macroeconomic 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.
		Monetarism, the Chicago Plan, economic growth, Irving Fisher, Schumpeter, Friedman, Minsky, Volcker, and other Post Keynesian 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.)

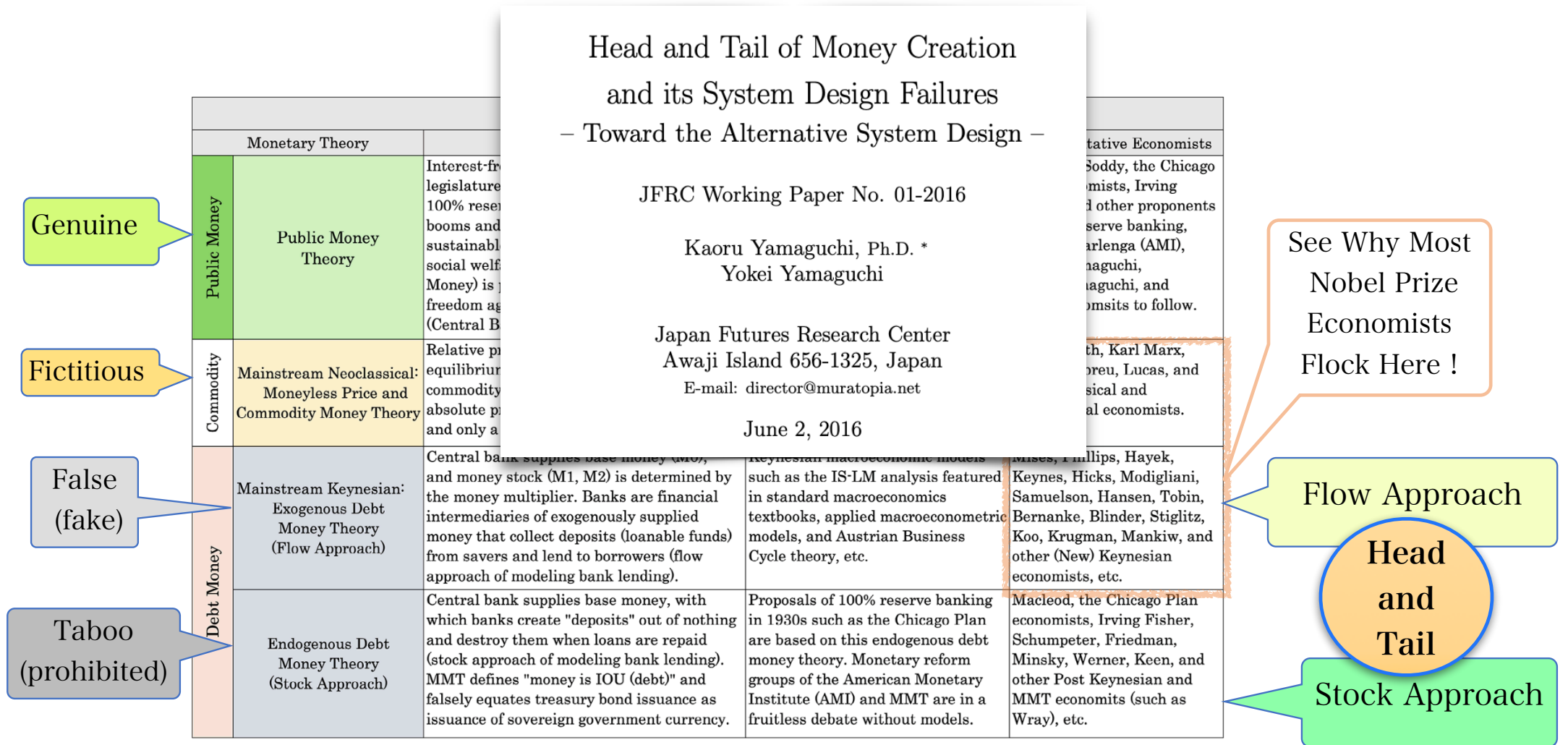


Fig. 9.1 Classification of monetary theories and their proponents

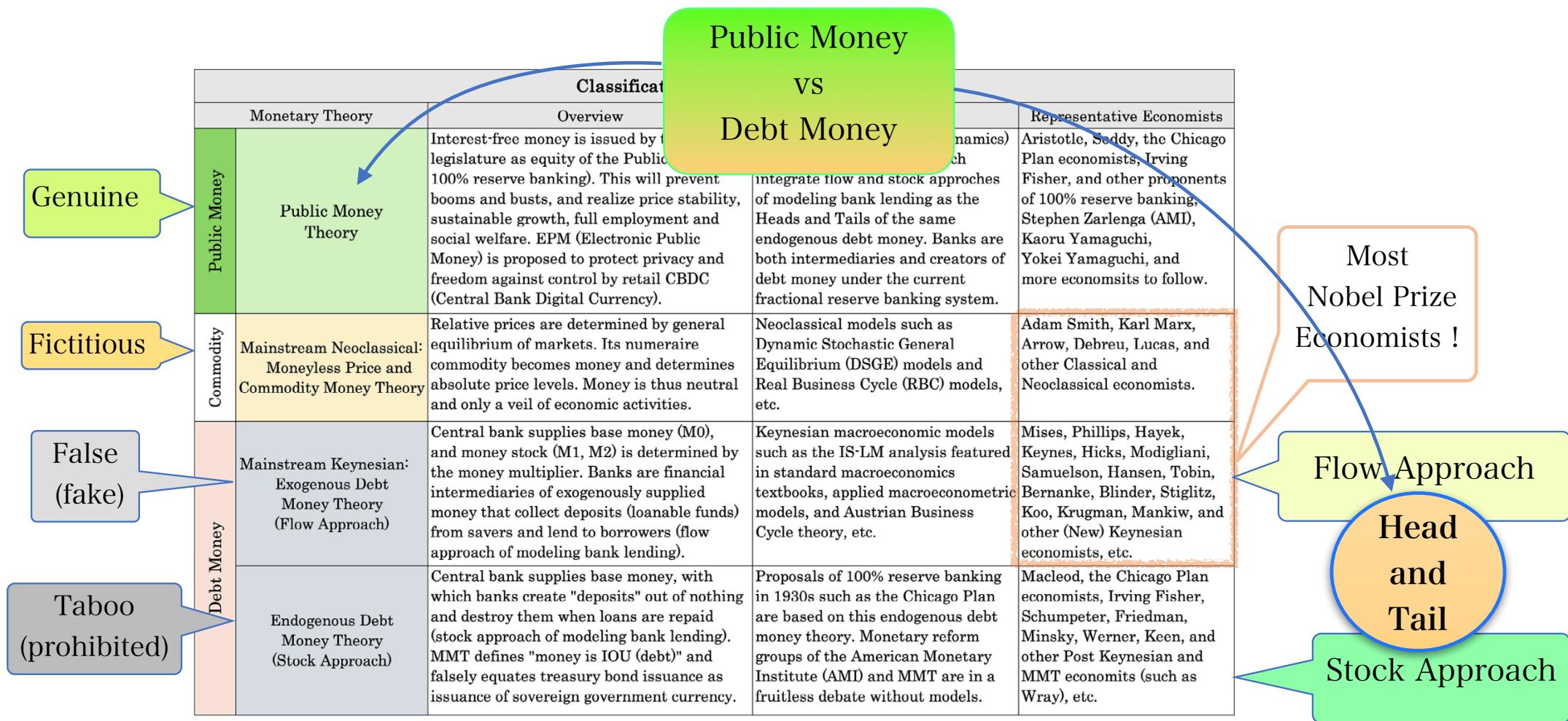
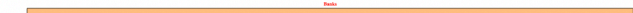


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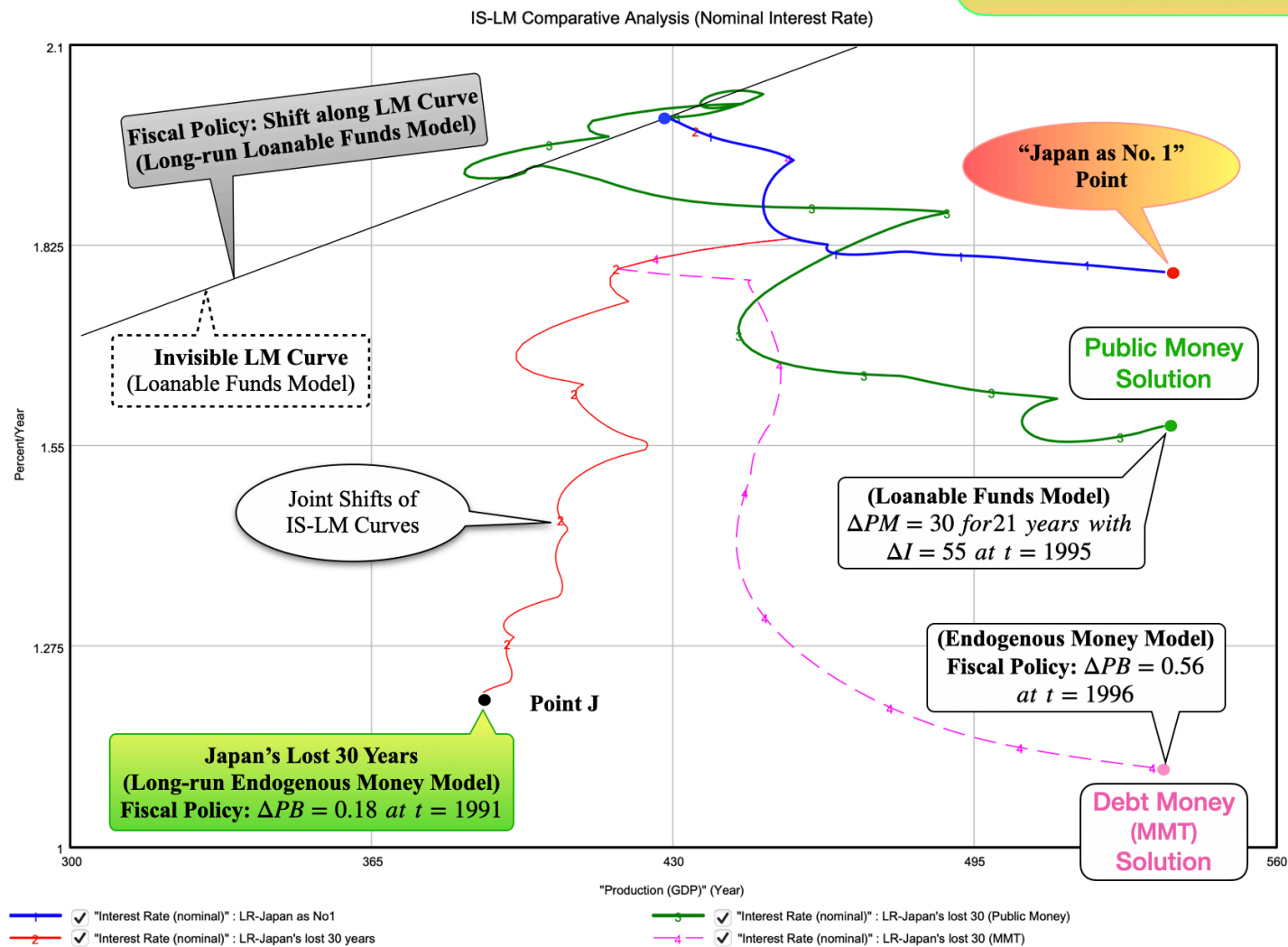
– Paradigm Shift in Economics As A Science –



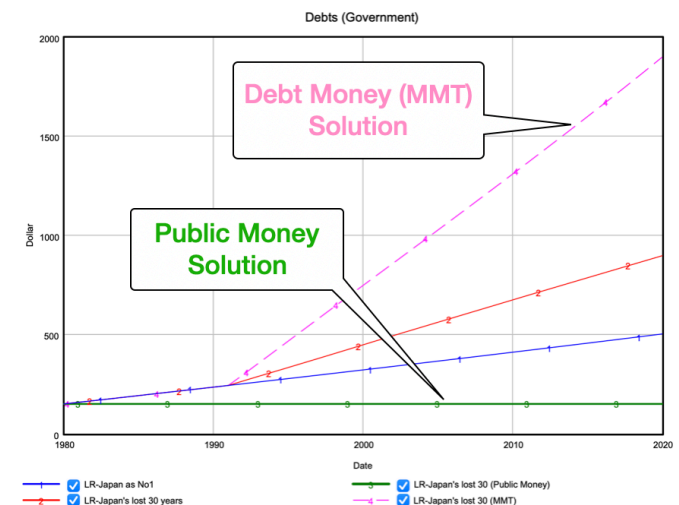
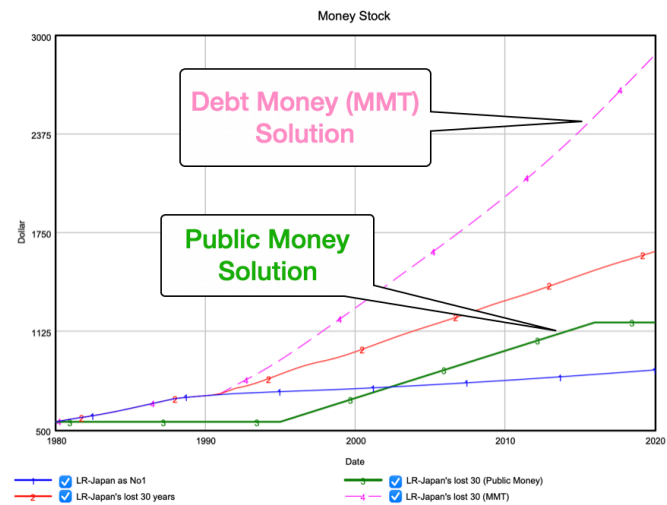
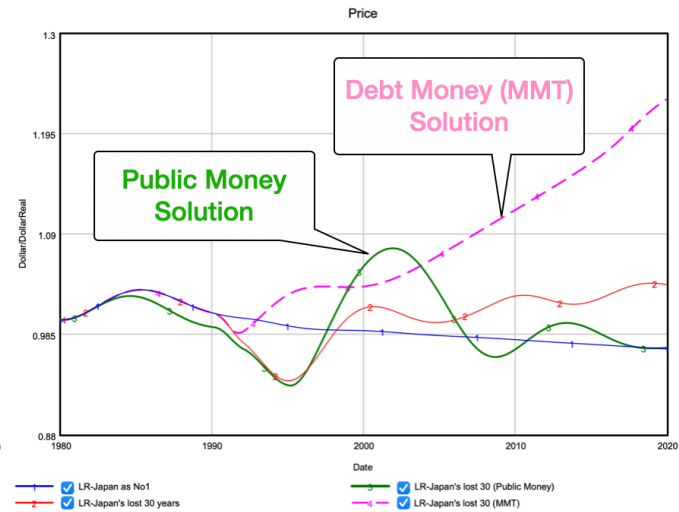
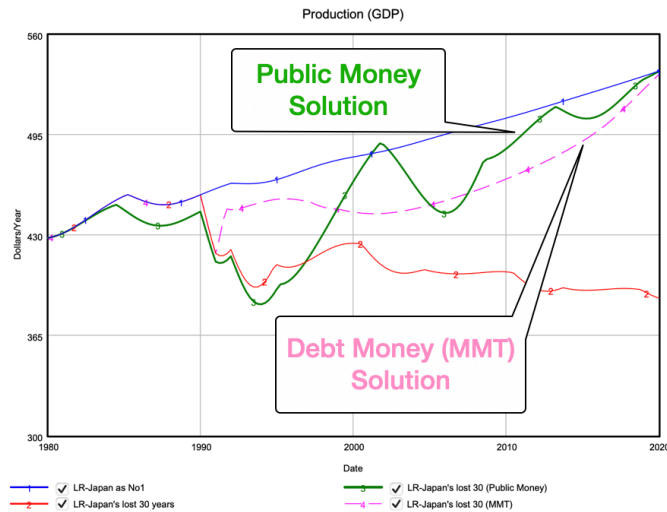
Public Money or Debt Money ?



Public Money or Debt Money ?



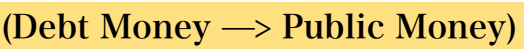
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7. (2025-) Public Money and MuRatopia Economy

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 vs Debt Money

Our Choice

Debt Money System

Issuance (Obverse Def.)	Public Money 4.8 tril.yen	Debt Money (99.7%) 1,420.9 trillion yen (≈ Total Debts of Producers, Households and Government)
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Fiat Status (Reverse Def.)	Legal Tender (35.5 %) 506.3 trillion yen	Functional Money (64.5%) 919.4 trillion yen
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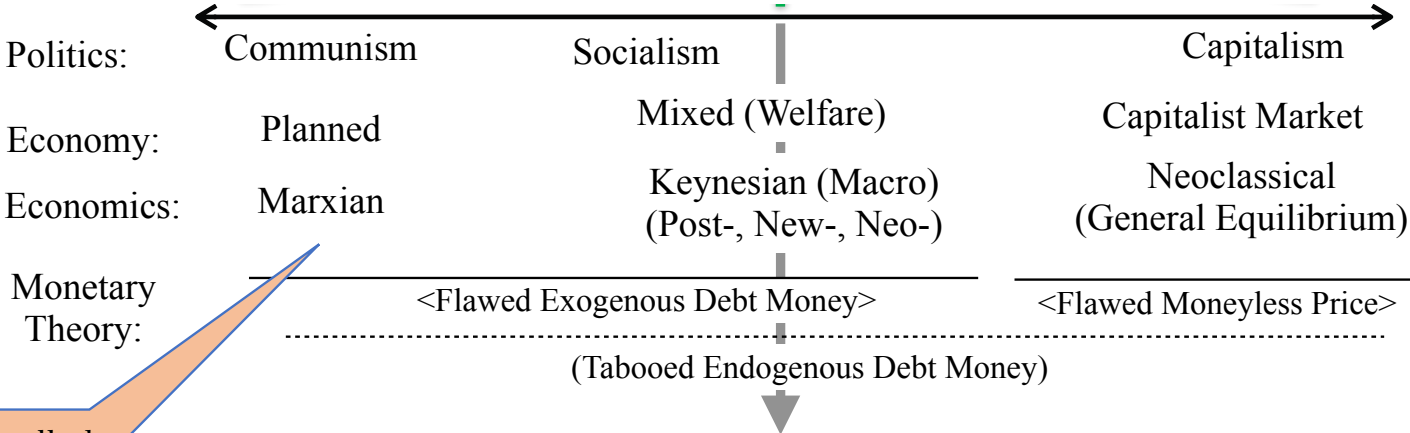
Public Money System

Issuance (Obverse Def.)	Public Money 4.8 tril. Yen	(Debt Money) → Public Money (100%) 1420.9 trillion yen
----------------------------	--------------------------------------	--

Fiat Status (Reverse Def.)	Legal Tender 506.3 trillion yen	(Functional Money) → Legal Tender (100%) 919.4 trillion yen
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Fig. 2.3 Transition from debt money system to public money system

MuRatopia Economy: Holistic Prosperity

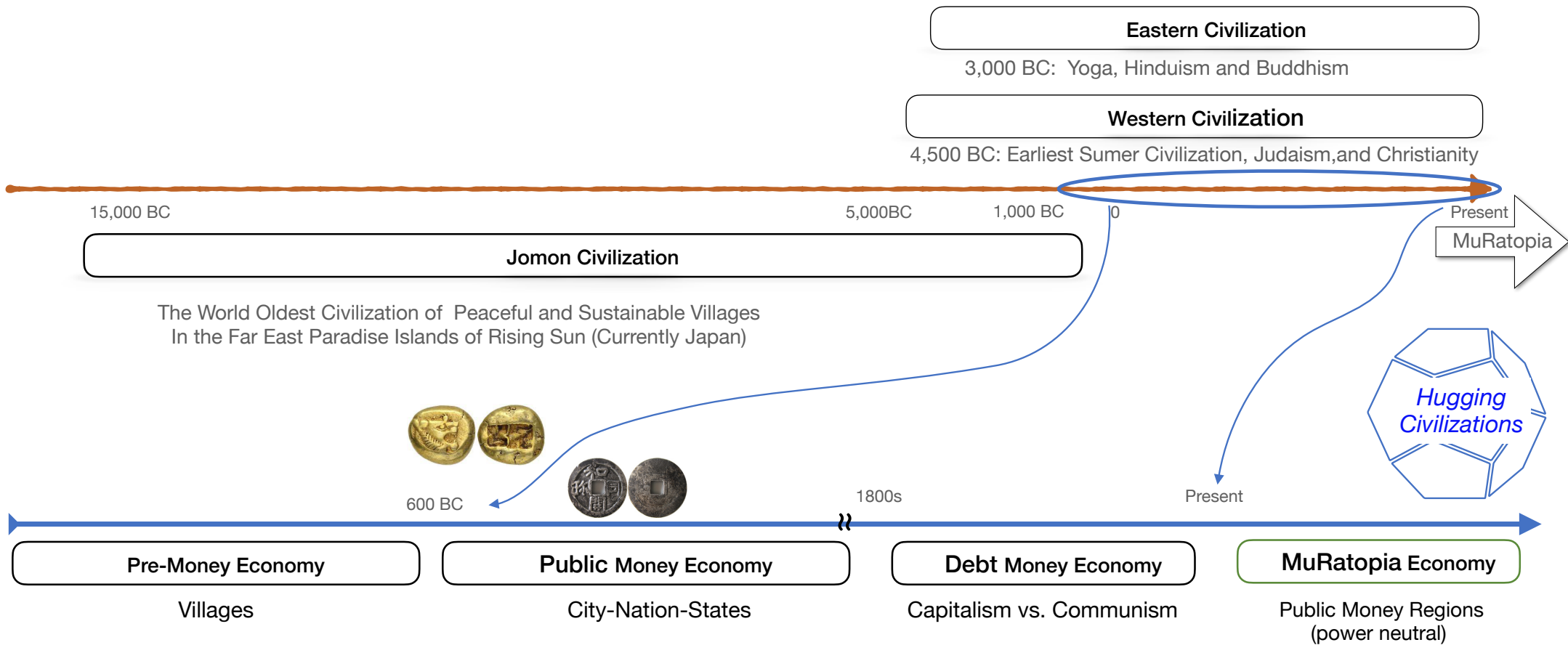


Controlled
Oppositions



Controlled
Oppositions

Globalism: Divide and Conquer



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



2015

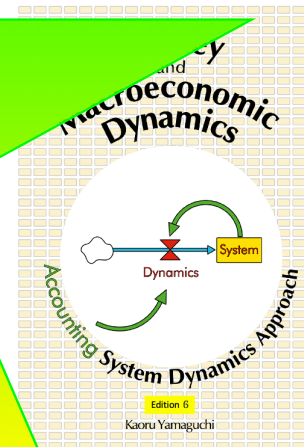
Public Money

Thank you
for
Your Attention!

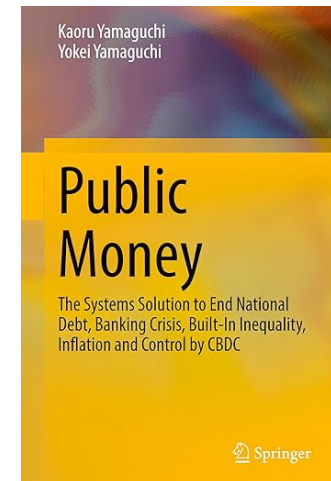


2022

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



Edition 7
(coming soon)



2025