

# Public Money Act of Japan

-As a Global Monetary Reform in Action-

## **The 11<sup>th</sup> Annual AMI Monetary Reform Conf.**

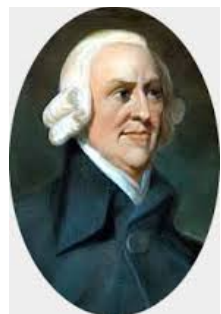
**University Center, downtown Chicago  
USA**

**Sept. 10 - 12, 2015  
(Presented on Sept. 11, 9 AM by Skype)**

**Kaoru Yamaguchi, Ph.D.  
Director**

**Japan Futures Research Center, Japan**

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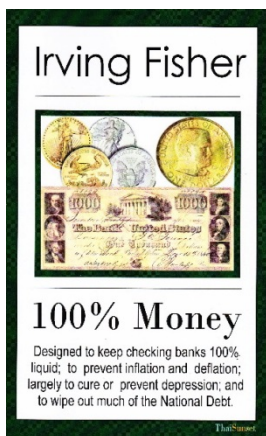
Classical  
Theory

Neutral  
Money

Market  
Liberals

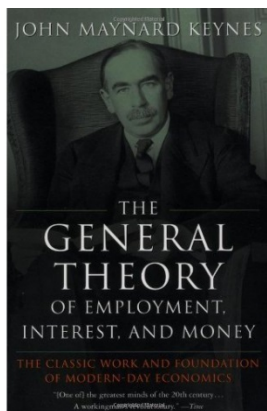
Great Depression, Oct. 29, 1929 (Black Tuesday)

1929

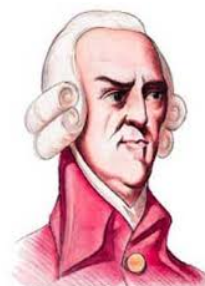


1935

Banking Act of 1933  
(Glass–Steagall Act)



1935



Neoclassical  
Theory

Market &  
Financial  
Liberals

Globalization

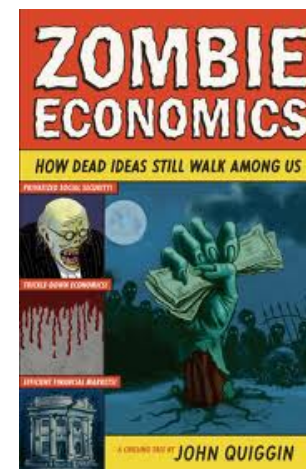
1999

Stagflation  
1970s

2nd Great Depression, Sept. 15, 2008 (Lehman Shock)

2008

It is necessary to  
provide an alternative  
to the zombie  
economics of  
market liberalism  
(2010, p. 240)



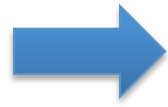
Debt  
Crisis

Debt

Money

System

Pilot's Failure ?



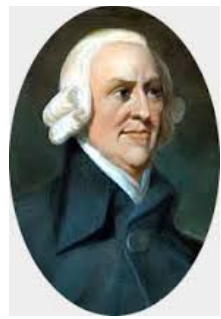
Debt Money System Works  
(Airplane)



System Design  
Failure ?



Public Money System  
(New System Design: Monetary Reform)



Classical Theory

Neutral Money

Market Liberals

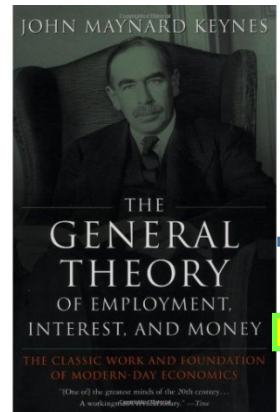
Great Depression, Oct. 29, 1929 (Black Tuesday)

1929



1935

Banking Act of 1933 (Glass-Steagall Act)



1935

American Monetary Act



Neoclassical Theory

Market & Financial Liberals

Globalization

1999

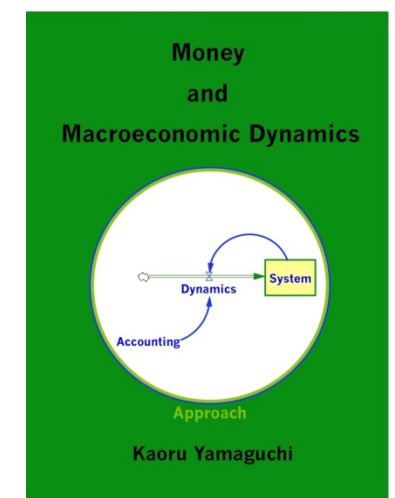
Stagflation 1970s

Disequilibrium Analysis

2nd Great Depression, Sept. 15, 2008 (Lehman Shock)

2008

It is necessary to provide an alternative to the zombie economics of market liberalism (2008, p. 240)



2013

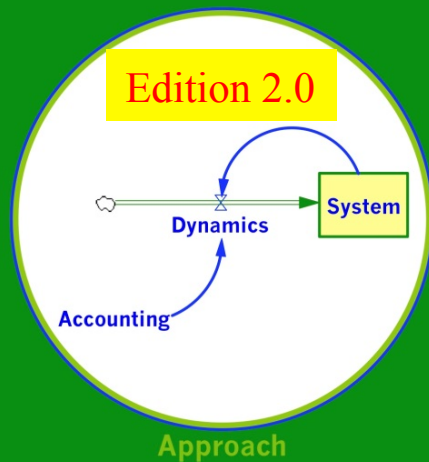


Debt

Money

System

# Money and Macroeconomic Dynamics



Kaoru Yamaguchi

520 pages

To be Published in 2015 by  
The Japan Futures Research  
Center, Japan

E-mail: [director@muratopia.net](mailto:director@muratopia.net)

(available: [www.muratopia.org](http://www.muratopia.org))

## Contents

### I. Accounting System Dynamics

### II. Macroeconomic Systems of **Debt Money**

### III. Open Macroeconomic Systems of **Debt Money**

### IV. Macroeconomic Systems of **Public Money**

Chap. 12 Designing A Public Money System

AMI Conf. 2010

Chap. 13 Workings of A Public Money System

AMI Conf. 2011

Chap. 14 Monetary and Financial Stability

AMI Conf. 2012

Chap. 15 Public Money and Sustainability

AMI Conf. 2013

Chap. 16 A Transition to the Public Money System

AMI Conf. 2014



IMF論文「シカゴプラン再考」で  
注目される公共貨幣の考え方から  
新システムの実践方法まで  
【初の本格的解説書】

東洋経済新報社

**Money and Macroeconomic Dynamics** (488 pages) , one of the most innovative macroeconomic books, was published in 2013.

**PUBLIC MONEY** is its simplified Japanese version (352 pages) to introduce the concept of the Monetary Reform to the Japanese readers. Public money economy is a new economic system in place of the finished Capitalism which was proved to have built-in system design failures.

This new Japanese book focuses on the liquidation of national debts which Japanese economy as well as US and EU economies such as Greece are seriously facing now.

Published on Sept. 10, 2015  
by  
**Toyo Keizai**, Tokyo, 352 pp.

# PUBLIC MONEY



IMF論文「シカゴプラン再考」で  
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## Part 1: Debt Money system

- 1 What is economics ?
- 2 What is money ?
- 3 Do we need the Bank of Japan ?
- 4 Why is money created out of nothing ?
- 5 Why does money become means of control ?
- 6 Why do national debts continue to increase ?
- 7 Our debt money system is Debt-end!

## Part II: Public Money System

- 8 What is the Chicago Plan?
- 9 Birth of the Public Money System
- 10 We can liquidate national debts
- 11 Public money system creates happy futures to All

## Part III: A Transition

- 12 Modeling a transition to the Public Money System
- 13 The Public Money Act of Japan

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# **A Monetary Reform:**

## **Chicago Plan → American Monetary (NEED) Act**

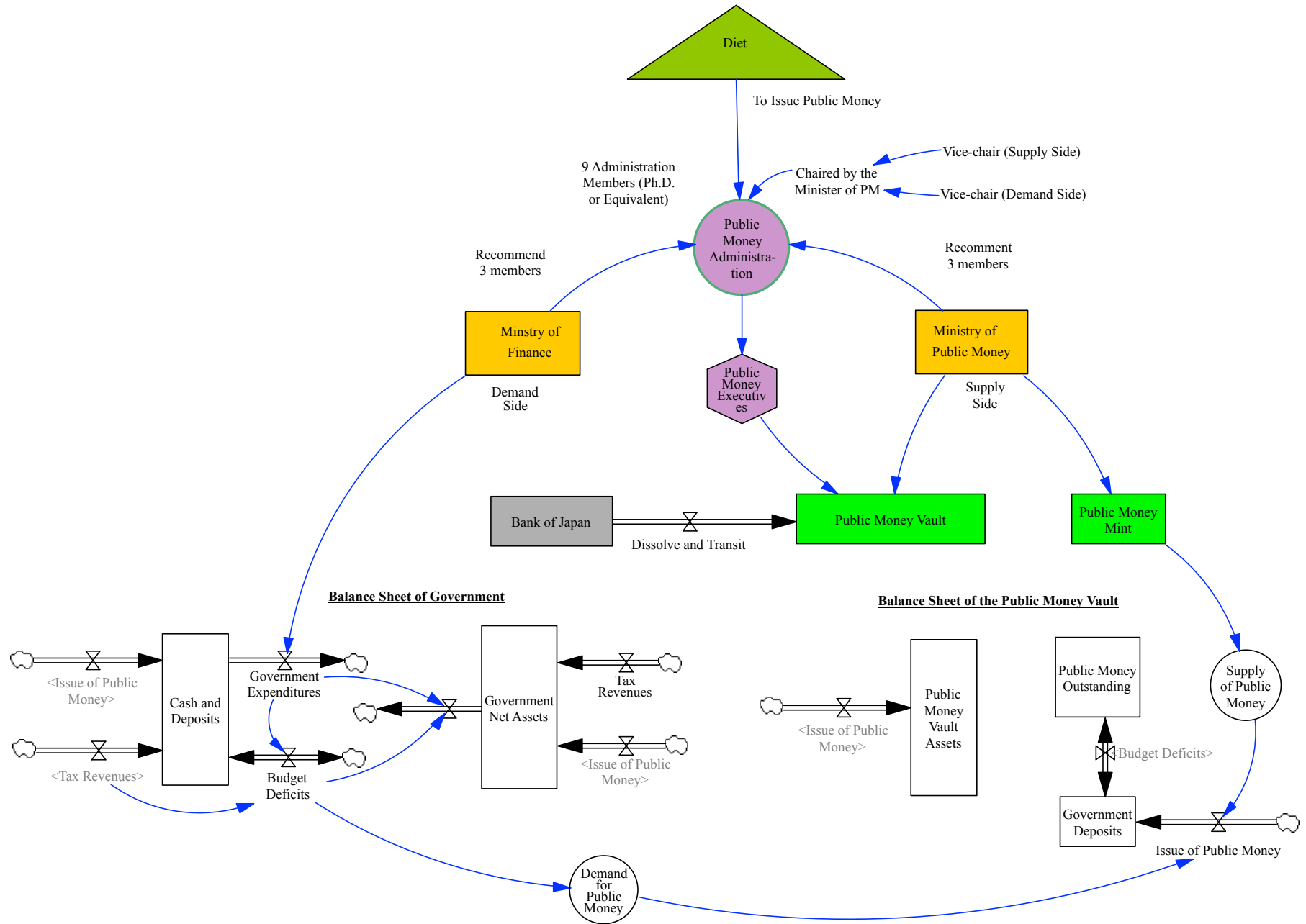
**A Debt Money System  
- Money out of Nothing -**

- 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 International Bankers**

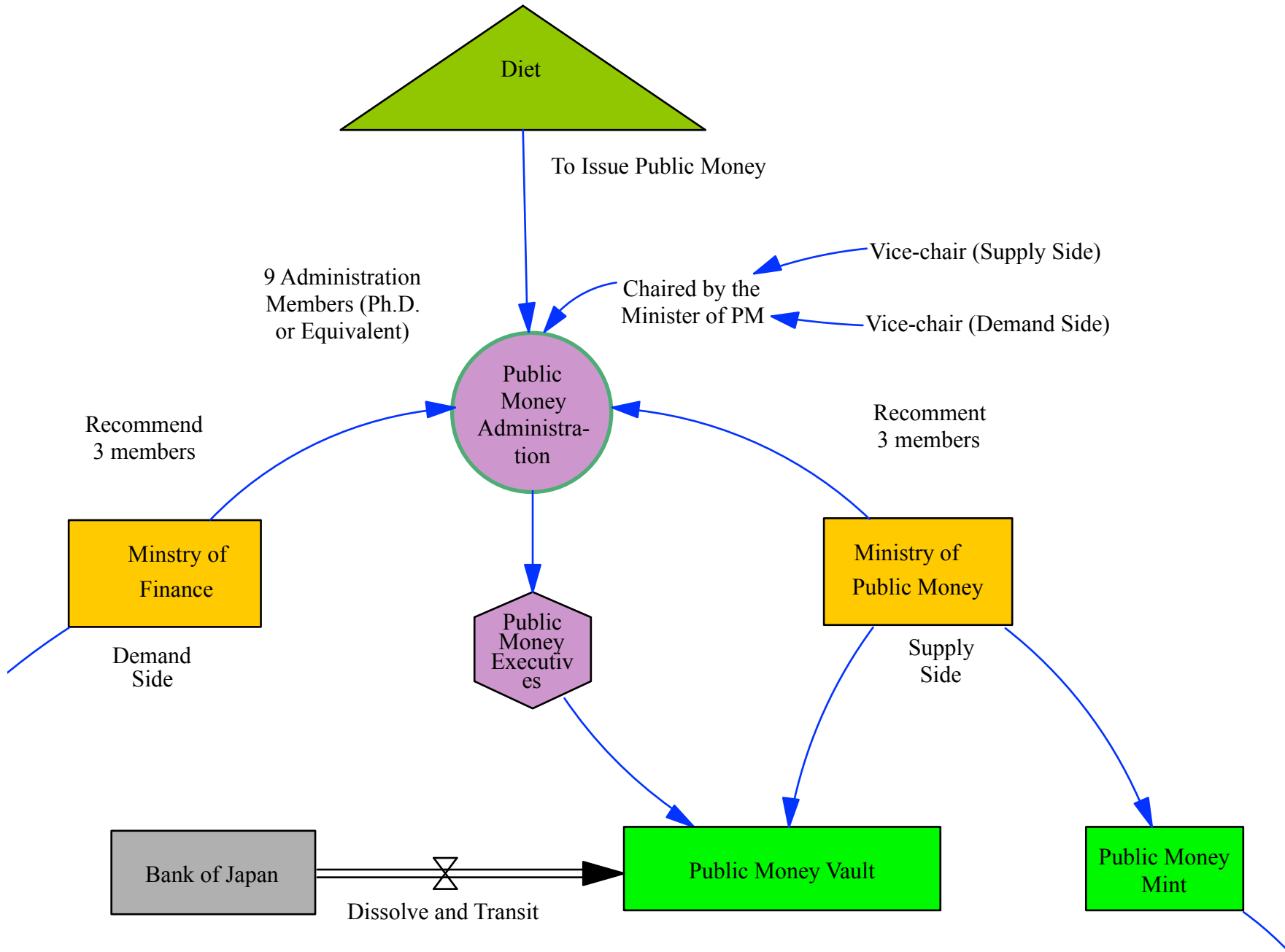
**A Public Money System  
- American Monetary (NEED) Act -**

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

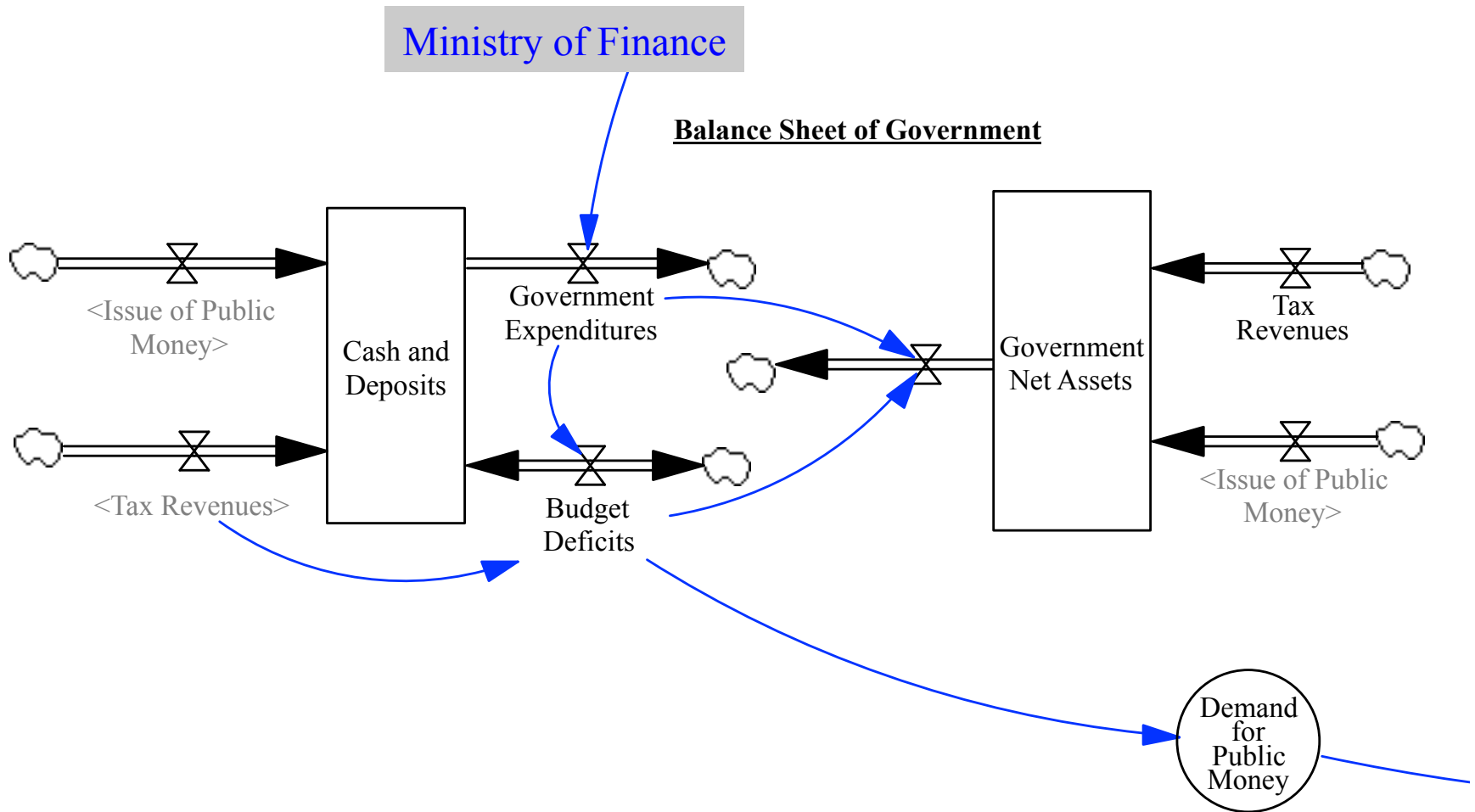
# Public Money Act of Japan (Ch.13)



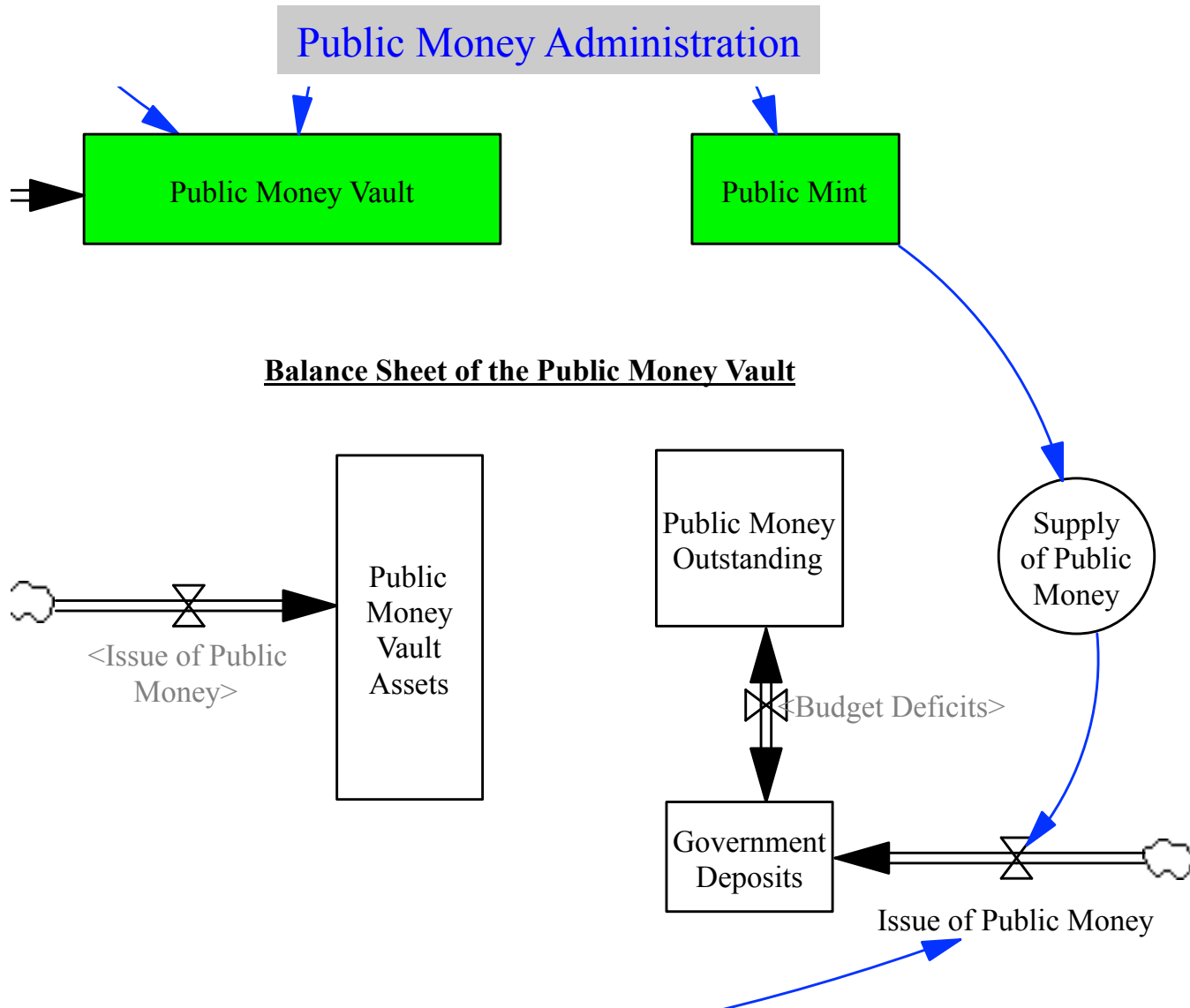
# Public Money Act of Japan (Getting Incorporated)



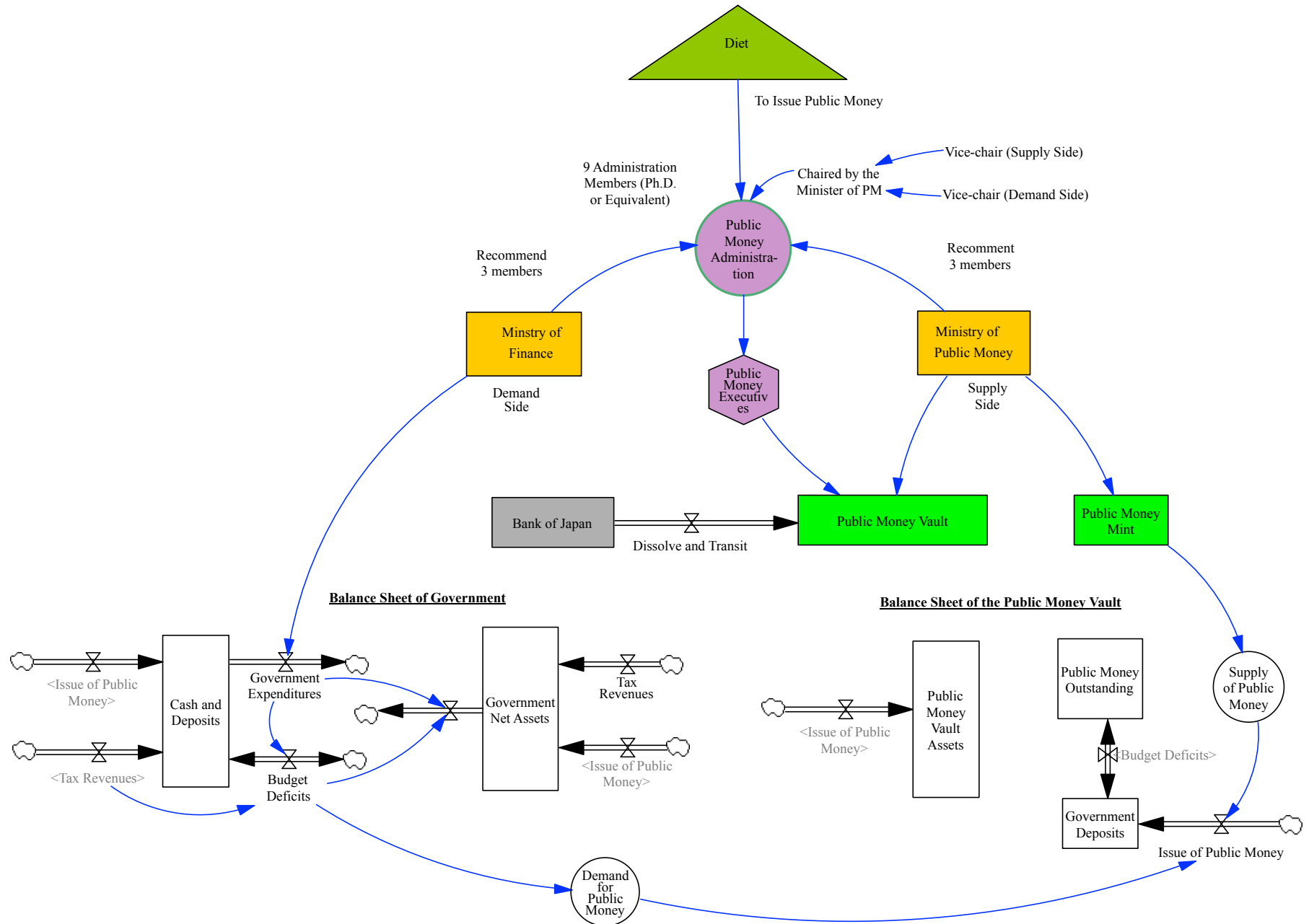
# Public Money Act of Japan (Demand Side)



# Public Money Act of Japan (Supply Side)



# Public Money Act of Japan (Ch.13)



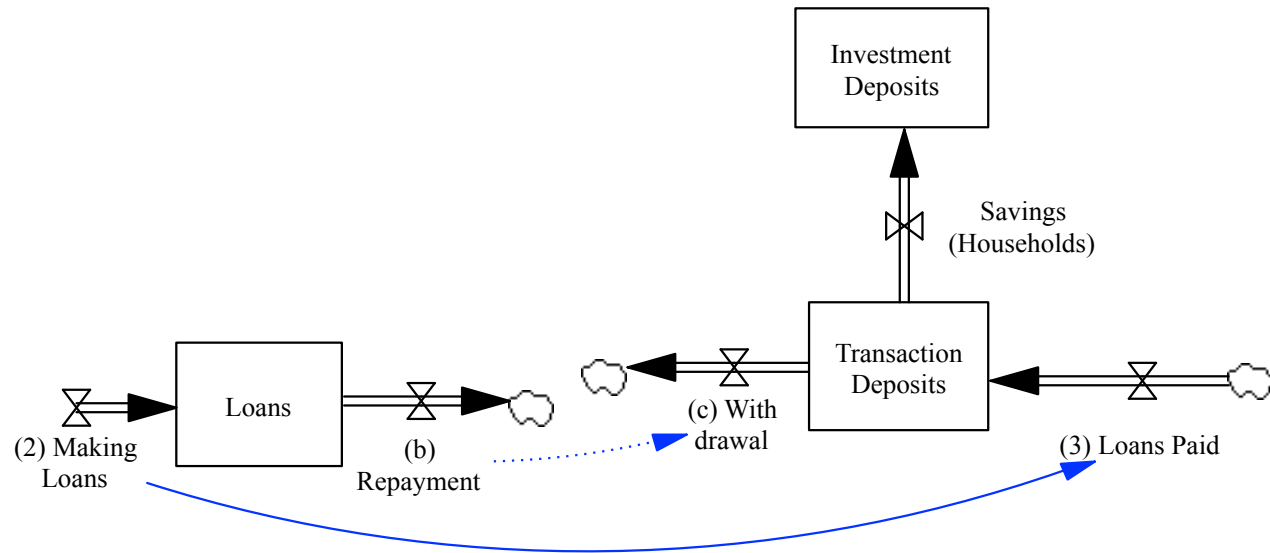
# Public Money Act of Japan (Bank Deposits)

Assets

Balance Sheet of Banks

Liabilities

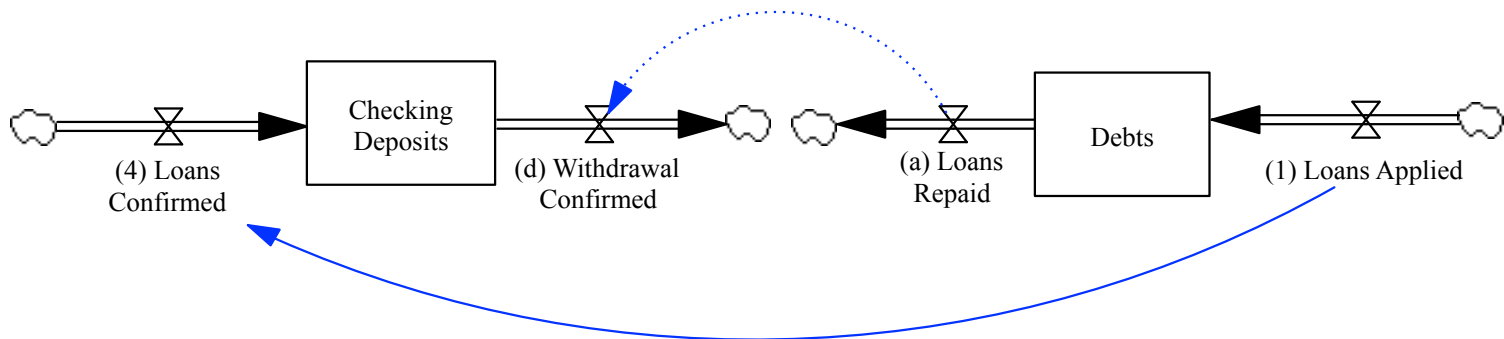
## Fractional Reserves



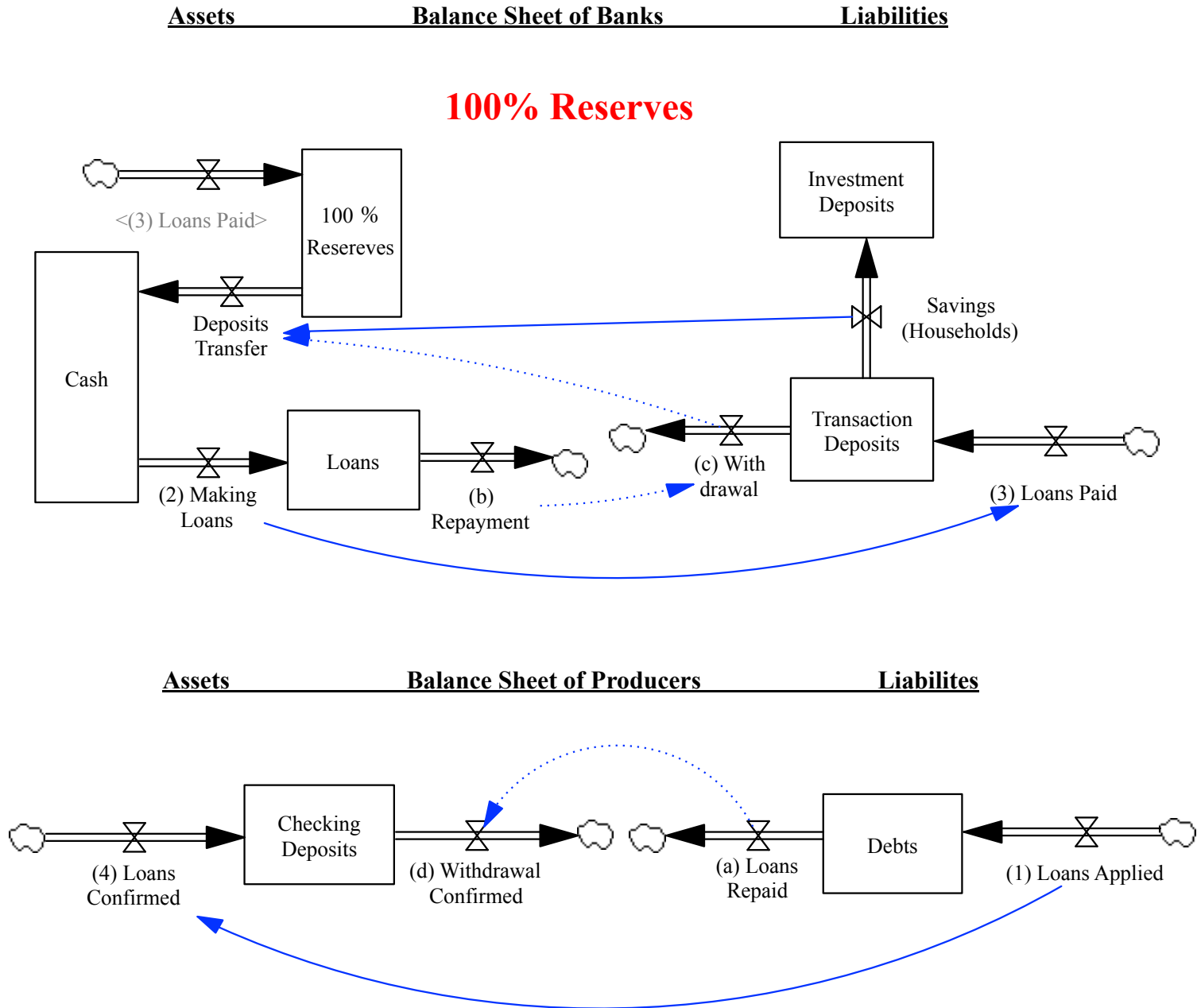
Assets

Balance Sheet of Producers

Liabilities



# Public Money Act of Japan (Bank Deposits)



# Public Money vs Debt Money

## System Structures

	Public Money System (New System Design)	Debt Money System (System Design Failure)
Money Issuer Its Owner	Public Money Administration Government	Central Bank Private Banks and Financiers
Bank Reserves	100% Reserve	Fractional Reserves
Money Supply	Public Money directly put into Circulation as Economy Grows Private Banking unaffected	Base Money: by Central Bank Deposits: by Bank Loans Money in Circulation: by Public
Interest	Interest-free	Interest-bearing Debt
Economic Policies	Public Money Policy (Public Money Financing)	Monetary Policy: Central Bank Fiscal Policy: Government

Chapter 15: Table 15.1 (available at [www.muratopia.org](http://www.muratopia.org))

# Public Money vs Debt Money

## System Behaviors

	Public Money System (New System Design)	Debt Money System (System Design Failure)
Monetary Stability	Stable Money Supply Stable Price Level	Bubbles and Credit Crunches Inflation & Deflation
Financial Stability	No Bank-runs	Business Cycles (Booms and Busts)
Employment	Full Employment is Possible	Involuntary Unemployment
Government Debt	No Government Debt	Built-in Debt Accumulation → Recession & Unemployment
Inequality	Income Inequality between Workers and Capitalists	Income Inequality between Financiers and Non-financiers
Sustainability	Sustainability is Possible	Accumulated Debt → Forced Growth → Environmental Destruction

Chapter 15: Table 15.2 (available at [www.muratopia.org](http://www.muratopia.org))

# Global Monetary Reform in Action

- USA: NEED Act (National Emergency Employment Defense Act) HR2990, Sept. 21, 2011.
- UK: House of Commons Debate, Nov. 20, 2014  
“Money Creation and Society” since 1844 (170 years ago)
- Netherlands: Dutch Parliament Monetary Reform Debate
- Switzerland: Monetary Modernization (MoMo) Initiative
- Iceland: Commissioned by the Prime Minister of Iceland March 2015  
“Monetary Reform – A better Monetary System for Iceland”
- Canada: Committee on Monetary and Economic Reform (COMER)  
The Case against the Bank of Canada by Rocco Galati  
Bank of Canada Act (1934), Nationalized 1938 ~ 1974 (National Money)
- Japan: Public Money Act of Japan (proposed by Yamaguchi  
in his book on Public Money, Sept. 2015)

**Thank You for Your Attention!**