

# **Economics of *Momo***

## **Community and Money**

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## Summary of a Discussion

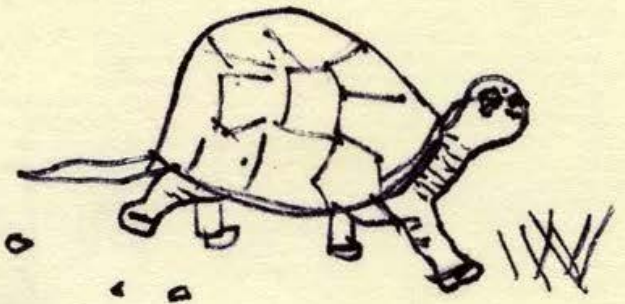
Community money can play  
a part of roles of *Momo*.

# Summary of a Discussion

- 1) Global economy is the pool of *phishing for a phool* where *men in gray* play.
- 2) A *hint* to escape from it is *community money*.

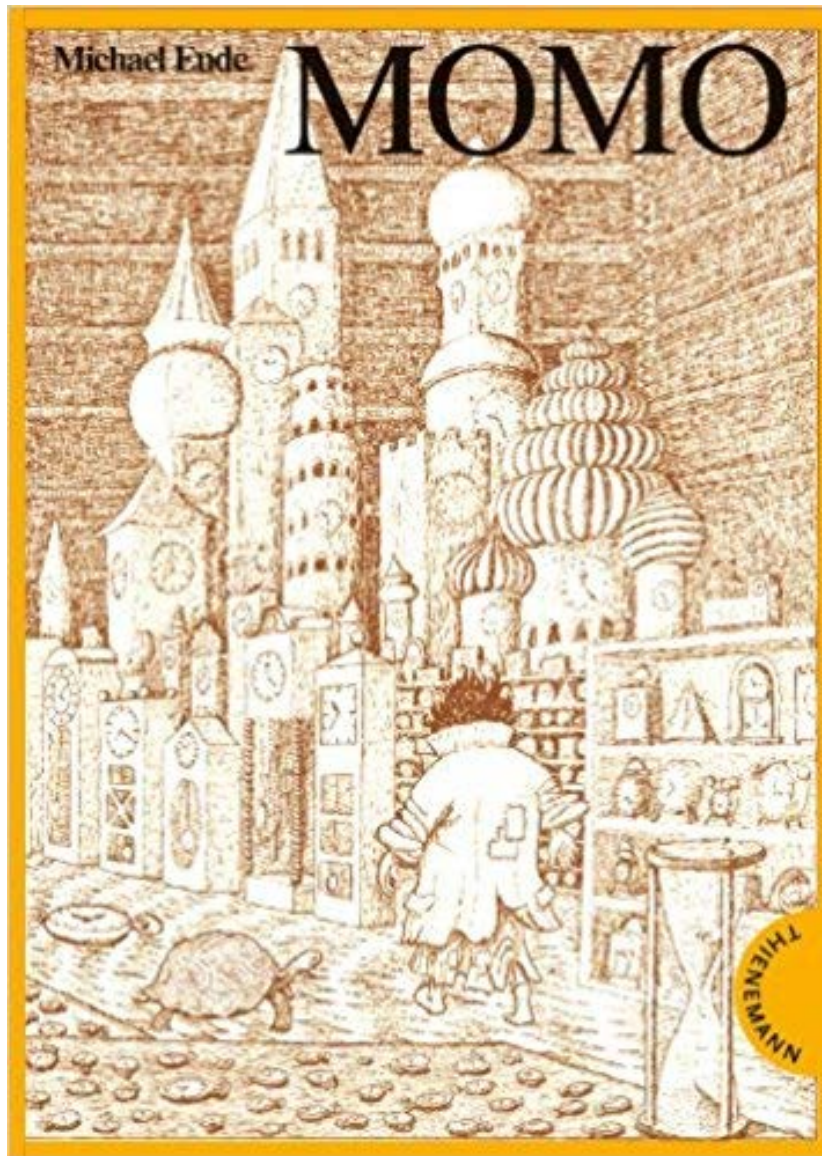


# Introduction

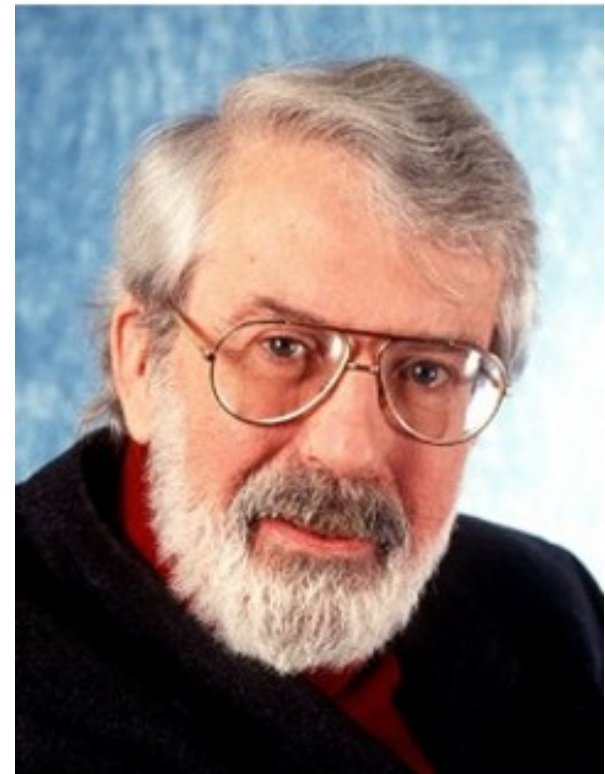


Momo and Cassiopeia

1) What is *Momo*?

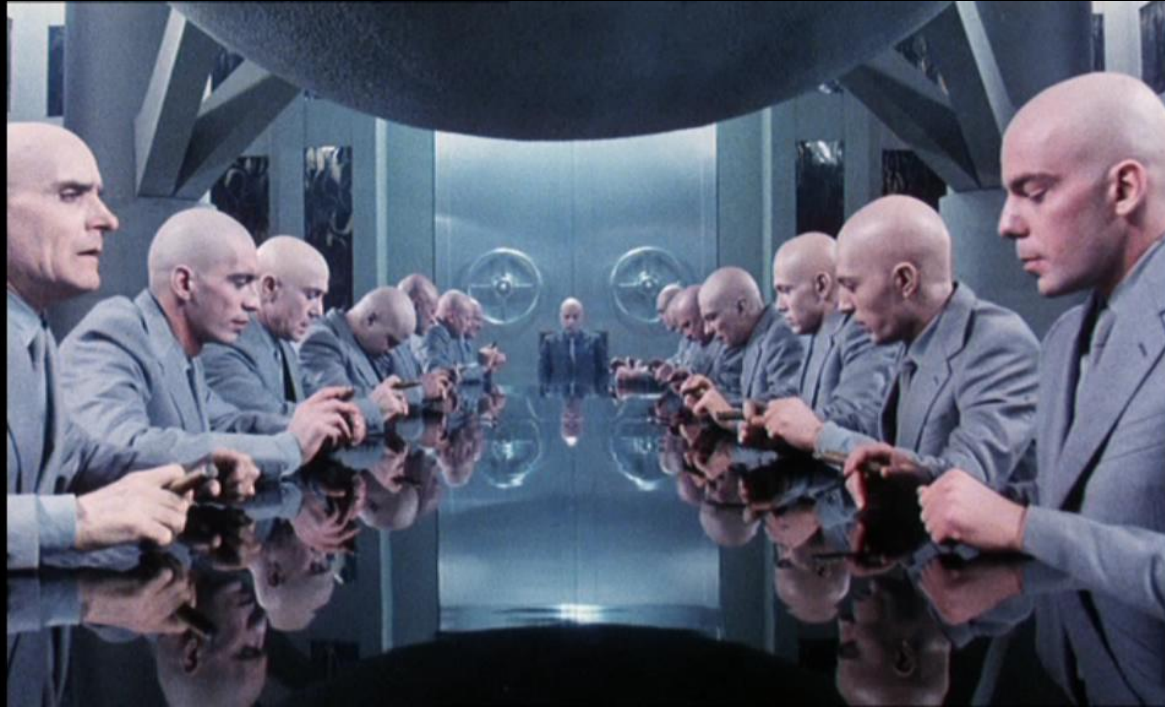


Ende, Michael (1973)  
*Momo: Ein Märchen-Roman*, Thienemann:  
Stuttgart, ISBN 3-522-11940-1



Michael Ende (1929-1995)





## Men in Gray from Time-Saving Bank

The villain as called *a man in gray*, who came from the Time Saving Bank, have been parasitic on the people and stolen *time*.



# Men in Gray from Time-Saving Bank

One man in gray visited the residents, and **mathematically** pointed out how they had wasted time. He explained how important was **to save time**, and told them if they opened deposits, time would be returned to them **with high interest**.





## Men in Gray from Time-Saving Bank

To hide his existence, the man in gray let the people believe that they saved time and opened bank accounts on their own wills.

A small girl, **Momo**, who has successfully did bring back the stolen time for the people and **regenerate** the almost dying **community** by **rebuilding good relationships among the people.**



from “Author’s Postscript,” *Momo*

I’ve described all these events as if they’d **already happened**. I might just as well have described them as if they **still lay in the future**.



To me,

there’s **very little difference**.

**2) Happiness comes from ...  
Good Human Relationships.**





**Robert Waldinger** is Clinical Professor of Psychiatry at **Harvard Medical School** and directs the Harvard Study of Adult Development, one of **the longest-running studies of adult life** ever done. The Study tracked the lives of two groups of men for over **75 years**.



The Harvard 75 years Medical Study clarified that face-to-face non-anonymous **good human relationships keep us happier and healthier.**



# 1. Hidden Rulers?



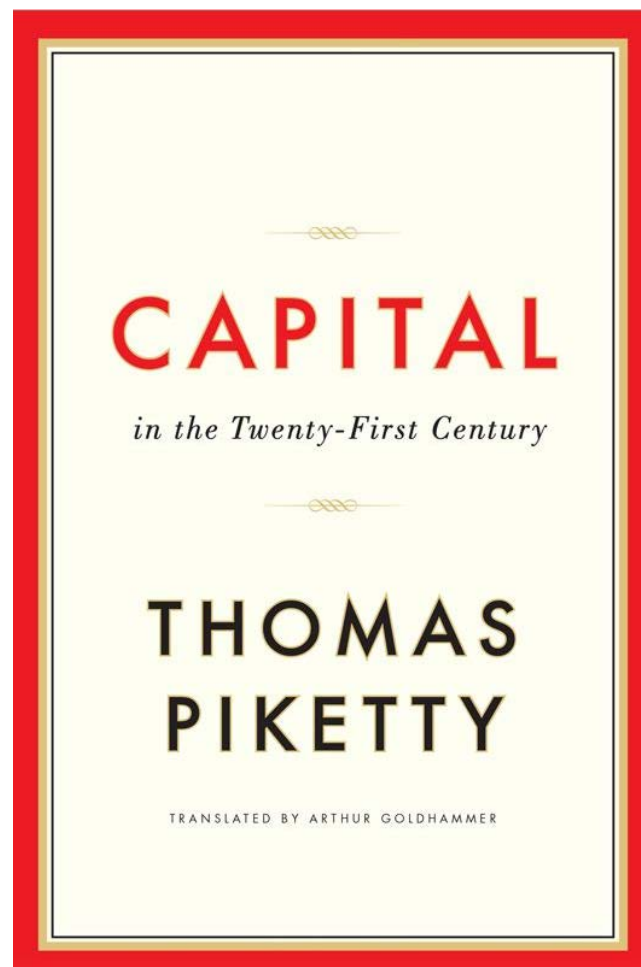
**Momo and Cassiopeia**

# **1) Globalization intensifies Inequality**

# Piketty Shock

Piketty, Thomas (2014)  
*Capital in the Twenty-First Century*, Harvard University Press.

Unlike the prediction of Kuznets Curve Hypothesis, **the income distribution in the world as well as UK or USA has deteriorated since 1970s.**



# Milanovic Elephant Curve

Milanovic, Branco (2017),  
*Global Inequality*, Harvard University Press.

During **globalization**, while the income in **the middle class in China and India** has grown at the highest rate, the gap between the top 0.1% and the bottom 20% has increased.

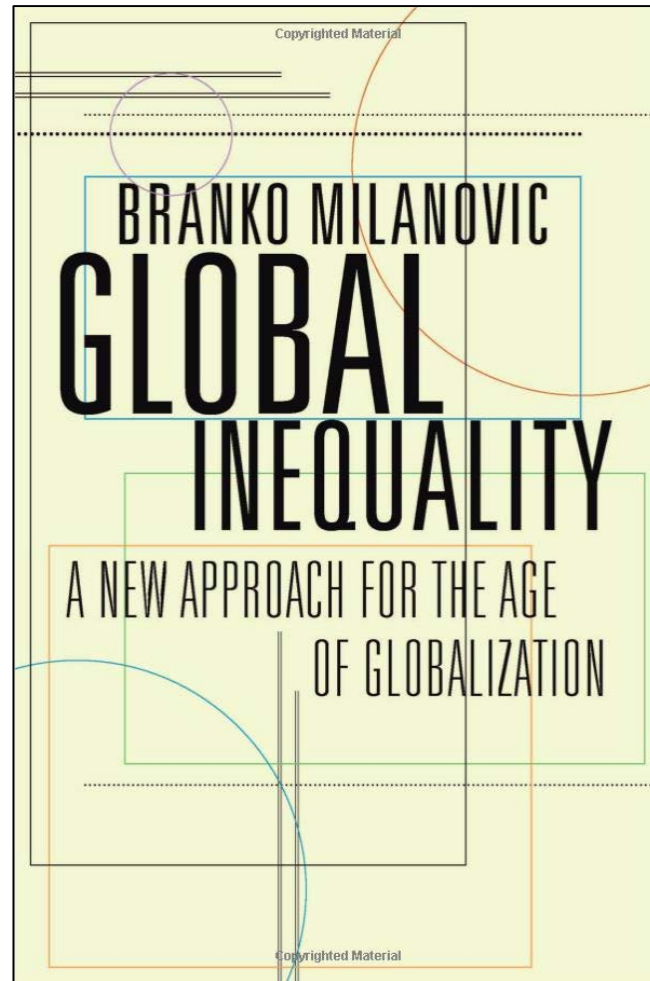
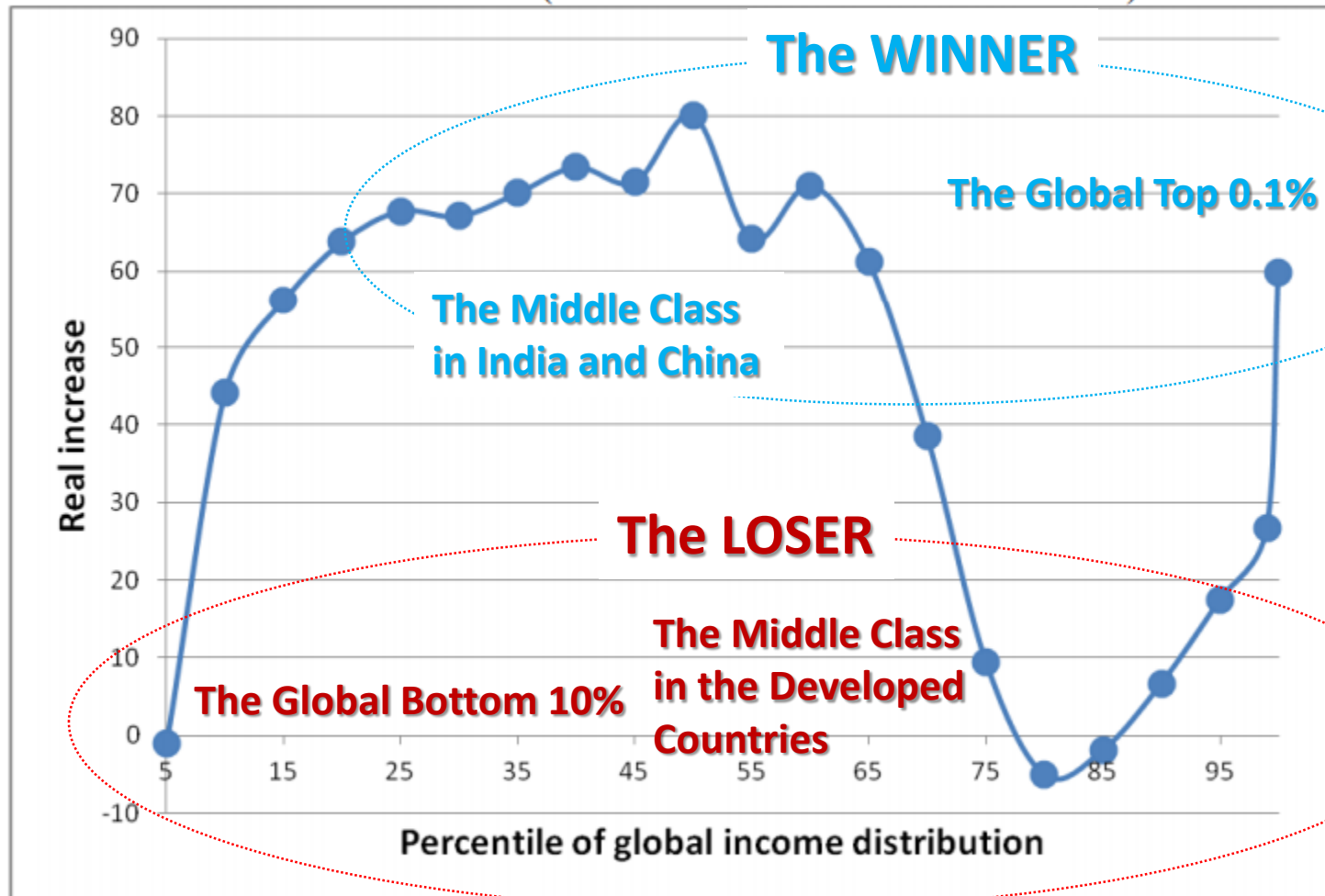




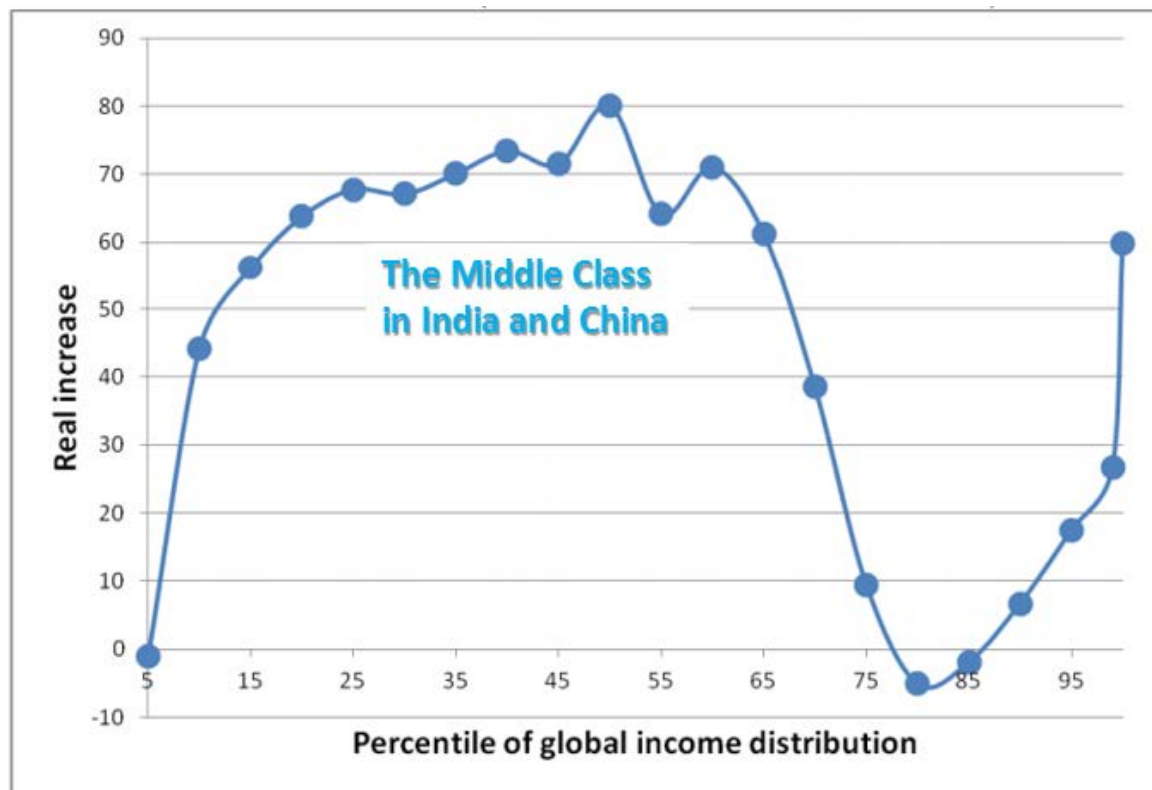
Figure 4. Change in real income between 1988 and 2008 at various percentiles of global income distribution (calculated in 2005 international dollars)



Note: The vertical axis shows the percentage change in real income, measured in constant international dollars. The horizontal axis shows the percentile position in the global income distribution. The percentile positions run from 5 to 95, in increments of five, while the top 5% are divided into two groups: the top 1%, and those between 95<sup>th</sup> and 99<sup>th</sup> percentiles.

# The Elephant curve

- The highest growth rate: **the middle class in India and China.**
- **Globalization** has **alleviated the inequality.**



# The Elephant curve

**The difference between the winner and the loser** got clearer during globalization.



## **2) Economics *justifies* Inequality.**

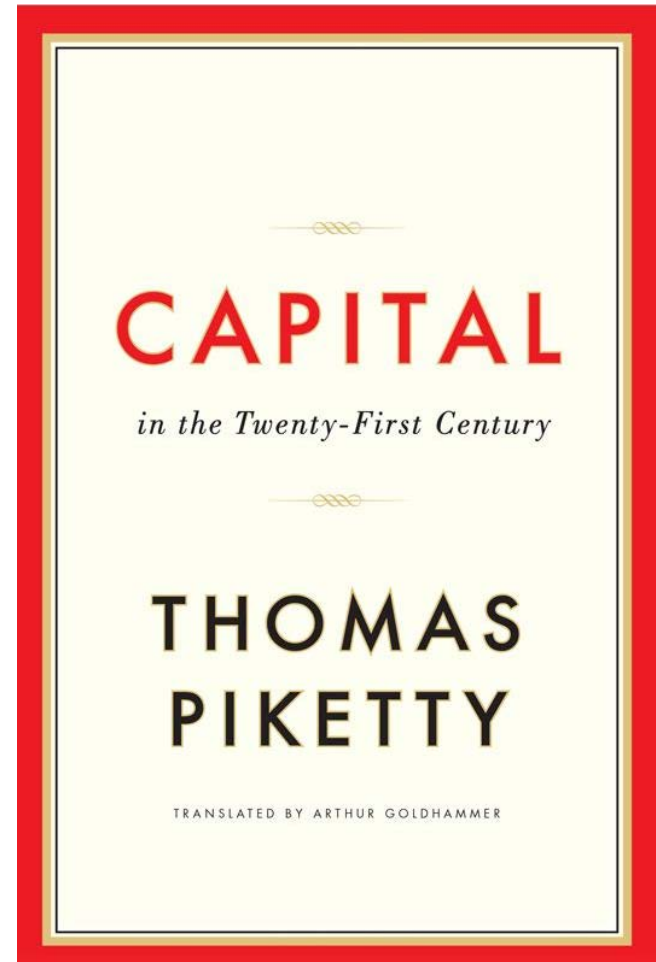
# Piketty Shock

Piketty, Thomas (2014)  
*Capital in the Twenty-First Century*, Harvard University Press.

**Piketty criticized**

**Orthodox Economics in USA**

**which he has studied.**





Among the members of these upper income groups are **US academic economists**, many of whom believe that the economy of the United States is working fairly well and, in particular, that **it rewards talent and merit accurately and precisely**. This is a very comprehensible human reaction.

(Piketty: 2014, p.296)

To put it bluntly, the discipline of economics has yet to get over its **childish passion for mathematics** and for purely theoretical and often highly ideological speculation, **at the expense of historical research and collaboration with the other social sciences.**

(Piketty: 2014, p.32)

There is one great advantage to being **an academic economist in France: here, economists are not highly respected in the academic and intellectual world or by political and financial elites**. Hence they must set aside their contempt for other disciplines and their absurd claim to greater scientific legitimacy, **despite the fact that they know almost nothing about anything**.

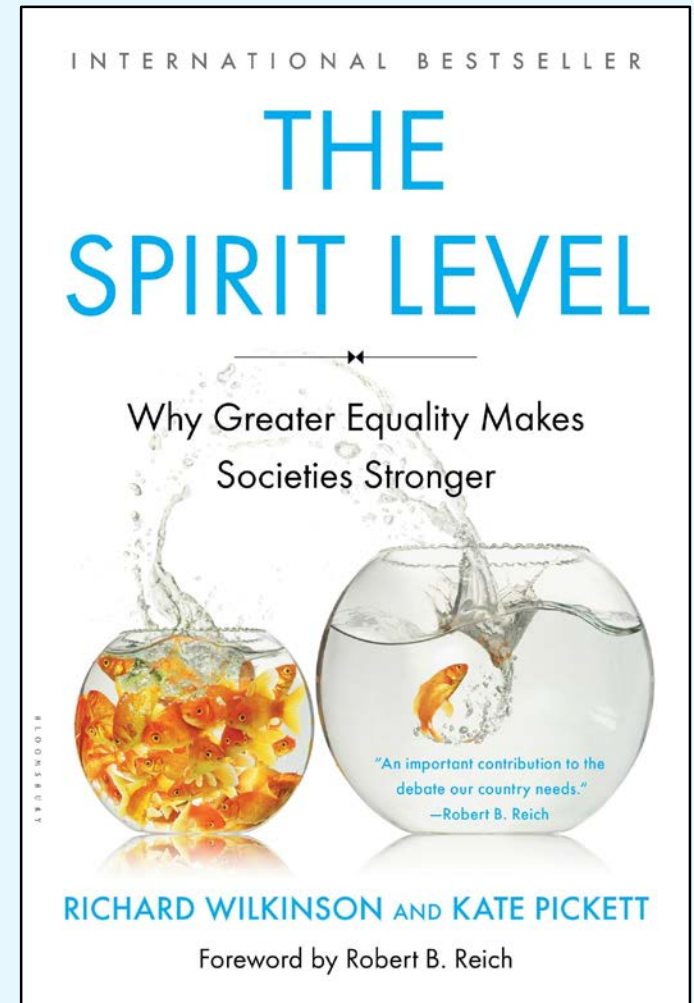
(Piketty: 2014, p.32)

**2) Economics *justifies* Inequality,  
while Improving Equality can  
increase Social Welfare ...**

# The Spirit Level

Richard E. Wilkinson et. al. (2011),  
***The Spirit Level: Why More Equal  
Societies Almost Always Do Better***

More **income equality**  
makes people **happier**  
and gives society **more  
stable** even for the rich.



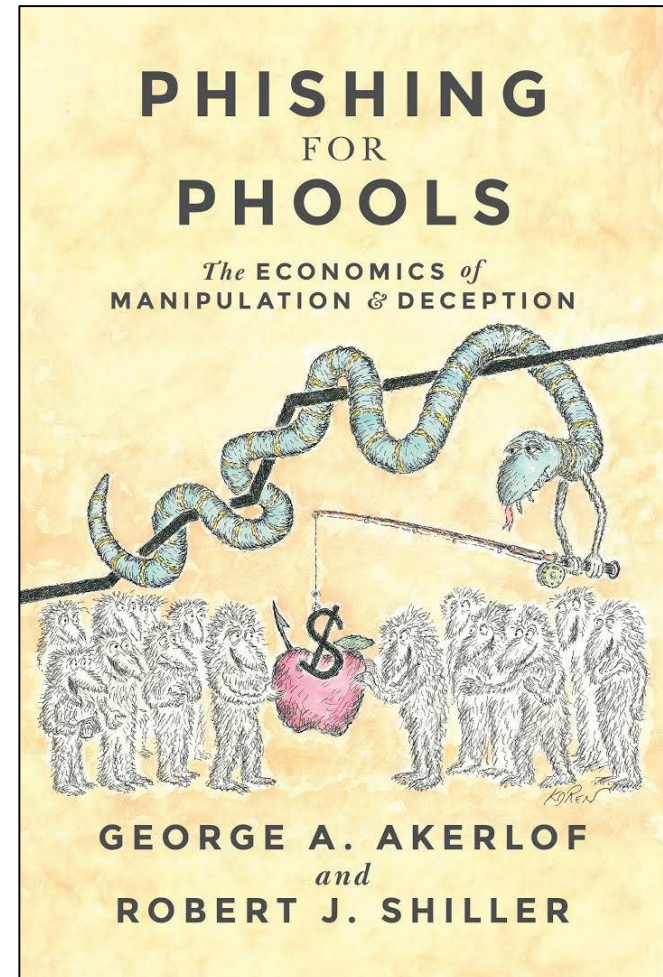
### **3) Capitalism invites Decline of Community**



# The Phishing Equilibrium

Akerlof, George A. and Robert J. Shiller(2015), *Phishing for Phools*, Princeton University Press.

In the capitalistic markets, **the phishing equilibrium** is dominant where those with limited information are cheated by **the big business which can manipulate the markets.**



# **A Lesson from Capitalistic Market**

**People with limited information can be cheated through advertisement or mass media controlled or manipulated by big business with high quality information on the targets.**

# A Lesson from Capitalistic Market

**Big business** can induce the people to make **more instinctive** and **immoral** decisions.

**Addiction** can **be created** and **penetrated** by big business.

**Monkeys on the Shoulder** controlled by **Men-in-Gray** are prevalent in the capitalistic market.

		Consumer's Deliberated Preferences	Consumer's Instinctive Tastes
		<i>True Preferences</i>	<i>Monkey-on-the-Shoulder Tastes</i>
F	C		
Producer of the <i>Good</i>	<i>Healthy Shop</i>	( <u>1</u> , <u>3</u> ) <i>Optimal Equilibrium</i>	(0 , 0)
Producer of the <i>Bad</i>	<i>Sweet &amp; Tasty Shop</i>	(0 , 0)	( <u>2</u> , <u>1</u> ) <i>Phishing Equilibrium</i>

# **LAW OF CAPITALISM: ANONYMITY**

**No one** should be trusted  
except the people you know well.

# **CAPITALISTIC LAW: ANONYMITY**

**Without our positive actions,  
community relations are dying breeds.**



## 2. Money is **NOT** Neutral



Momo and Cassiopeia

# **A Common Understanding**

## **Long-run Neutrality of Money**

**In the long run, money looks only a veil which has no influence on the real economy.**

**But ...**

# Our Hypothesis

**Money with interest**  
is **NOT** Neutral,  
even in the long run.

# A Reciprocal Transaction

Before the Penetration of Money

A poor peasant **can** borrow some amount of wheat from a rich farmer with **no interest**.

The rich farmer can get enough benefits from this deal in that he **can keep the quality of wheat for one year without any cost**.

# Toward an *Exploitative* Transaction

**After** the Penetration of Money

Using **money** as **means of store of value**, **by selling the present wheat**, the rich farmer can get **any goods at the same value of money** as well as fresh wheat **anytime in the future**.

Now there is **no reason** why the rich farmer **follows the reciprocal transaction**.

**Money can invite **Interest****

**an opportunity cost**

as the revenue forgone

by **refraining from selling**

**the present wheat.**



# Emergence of **the Rentier Class**

The introduction of **compound interest** changes **the farmer** into **a rich rentier**, while the poor peasant has been pressed by work to repay his borrowings with high interest.

# Price Mechanism and **Inequality**

Furthermore, the harder the peasant works, the more wheat production increases, which decrease the wheat price.

Then, the more the peasant has to work, the poorer he is.

**Interest** can invite **Inequality** and **Poverty**

# The Eleventh Coin Model

**1) Barter Trade System in a Small Village**

**2) Emergence of Central Bank**

the Initial Issue of Money, **Geld**:

**1M Geld each as mediums of exchange.**

**3) Interest**

the Initial Interest Rate: **10% / year**

.

**Then what happen?**

# Effects of Money with Interest

## 1. Stress by Competition

In order not to decrease his income, each villager must **compete each other**.

## 2. Endless Growth Orientation

Stress of Repayment causes **Incentives to Endless Growth**.

## 3. Inequality by Stratification

Some may fall into severe poverty, because their **assets can be confiscated**.

## 4. Decline of Community-based Resources

The effects depicted above **weaken trust among people**.

**Holy Bible** tells us **not** to lend *your brother* **with interest**.



# No Interest among a Community

**“Unto a foreigner thou mayest lend upon interest; but unto thy brother thou shalt not lend upon interest, that Jehovah thy God may bless thee in all that thou puttest thy hand unto, in the land whither thou goest in to possess it.” (*Deut.:23-21*)**

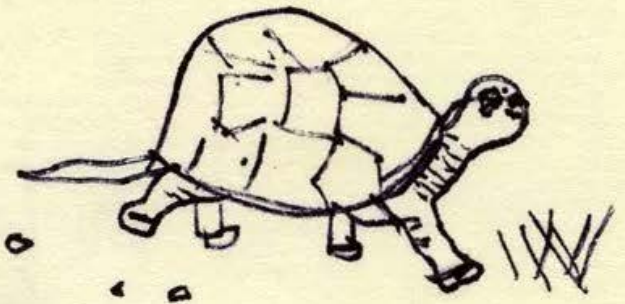
# Summary of Money with Interest

Essence of Capitalism is

**Money with Interest !!!**

- 1) Incentive for **Competition**
- 2) Deterioration in **Inequality**
- 3) Want for **Endless Growth**
- 4) **Decline** of a **Community**

### 3. A Principle of Complementary Money



Momo and Cassiopeia



A Ticket for  
Massage of Daddy's  
Shoulder

# Free Money

Gesell, Silvio (1891),  
*Die Reformation im Münzwesen*, Buenos Aires:  
Selbstverlag, Google Scholar.

Steiner, Rudolf (1922),  
*Nationalökonomischen Kurs*, Durnach.

# Free Money

Gesell (1891) asserted that

One of solutions to this problem is to issue **Free money** (**Aging money** in Steiner:1922, or **stamp money**).

**With time**, the value of free money decreases and **becomes less than the original face value**. The holder is expected to use it as soon as possible. It has **zero or minus interest**.

# Free Money

The rule of **free money** is: **saving money should be penalized.**

The **local government** underwrites, however, that aging money can be **exchanged to the same face value of legal tender** after a set period of time.



# **Summary of Money without Interest**

**Essence of an Alternative System is  
Money without Interest.**

- 1) Disincentive for Competition**
- 2) Improvement in Equality**
- 3) Want for “Sufficiency Economy”**
- 4) Regeneration of a Community**

# Community Money

**com-muni-ty**

comes from ... ***cum***+***munus***

***cum***: among each other

***munus***: to give (a gift)

The meaning of a **community** is  
**to give a gift among each other**

# Logic of Community Money

**Trust** in a Community  
issues

**Money** without Interest

# Our Conclusion

Community Money is  
*not* a Substitute of Fiat Money  
but a Complement.

# Our Conclusion

Community money plays roles of an auctioneer in a *Tâtonnement* Process, or

a device to detect an ideal alternative society in a trials and errors process.

**Bye-Bye !**



**Bt. Talong !!!**

**Turo Na**  
(Buhay na Baboy pa)

[I-edit ang Profile](#)

Tingnan ang Talaan ng Aktibidad **10+** ...

[Timeline](#)

[Tungkol sa iyo](#)

[Mga Kaibigan](#) 4,277

[Mga Litrato](#)

[Higit pa ▾](#)

★ 1,185 (na) item para suriin mo

**Intro**

Once, if I remember rightly, my life was a feast  
where all hearts opened, and all wines flowed.  
(1873)

[Nakatira sa Malabon City](#)

[Mula sa Malabon City](#)

**Bye-Bye !**



**Bt. Talong !!!**



[+ Magdagdag ng Instagram, Mga Website, Iba Pang mga Link](#)

**Mga Litrato**

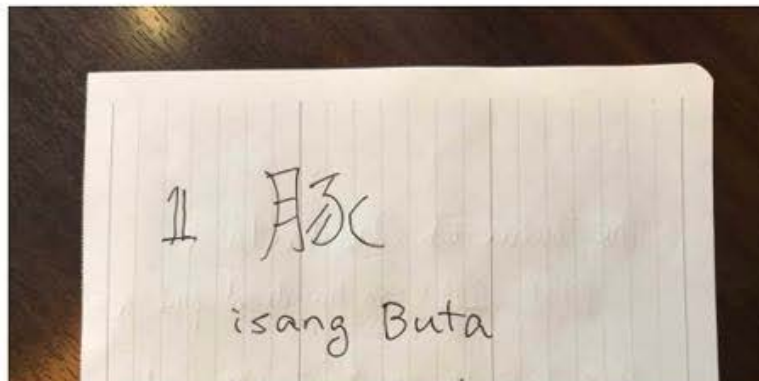


# A Experiment of Trial Currency *Buta*

**Bye-Bye !** Nagdagdag si/ang **Turo Na** ng 2 (na) bagong litrato.

Kahapon sa ganap na 1:23 PM · Manila · [👤 ▾](#)

Eto ang Community Money BUTA (Baboy), I issued yesterday. now only circulation between ate Bebe at kagawad Tin. Sino pa gusto eto?

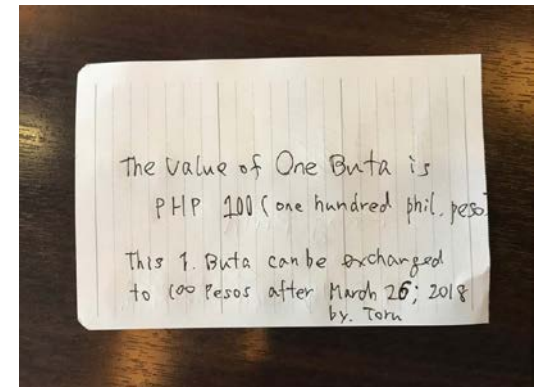
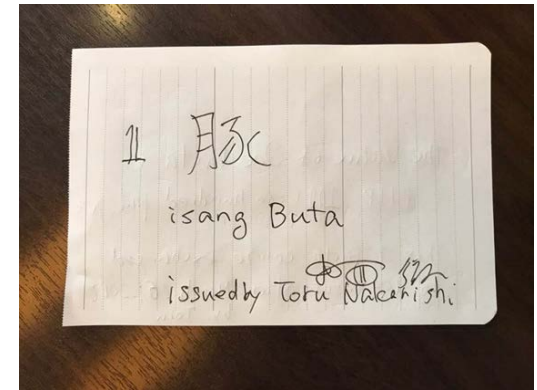




# Role of *BUTA*

Community Money, *BUTA* can give **incentives to use the transactions within its circulation group as possible as they can**, and they cannot save *BUTA* with interest.

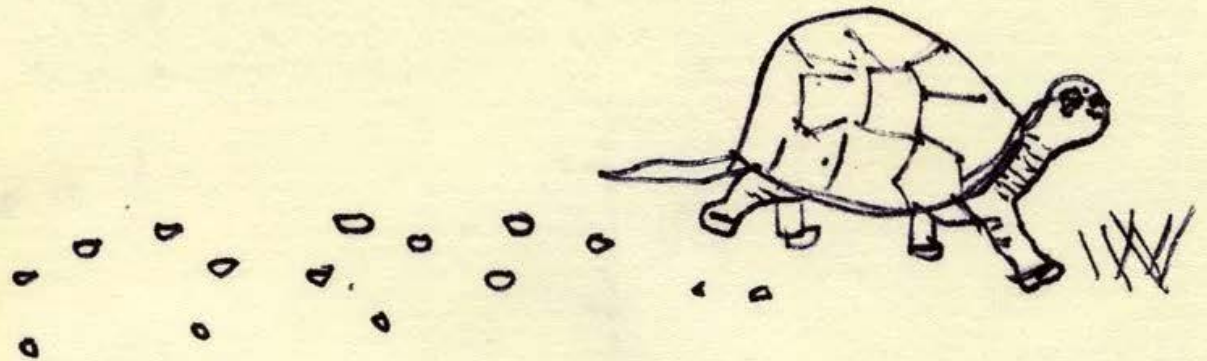
see Appendix 2



# **Concluding Remarks**

## **Community Money**

### **for a Design of a Society**



**Momo and Cassiopeia**

**Return to Ende's message**

The two systems, that is to say, **capitalism** and **socialism**, which we held for 70 years, were **twins**. Both are **nothing but *capitalisms***: while one was ***private capitalism***, the other was ***state capitalism***.  
(Ende, Michael: 1994)



**Our Goal** is

Neither

**Capitalism**

nor

**Socialism ...**

**Our Target of an Alternative Society:**

**Northern European Countries**

**such as Denmark**

## Denmark Model

1. **High-level Income per Capita with Strong International Competitiveness**
2. **High Level of Happiness**
3. **High Level of Social Security Services though Heavy Tax Burden**
4. **Matured Politics**
5. **Equality-Seeking Society**

**Why Orthodox Economists Neglect  
the great performance of Northern  
European Countries such as Denmark?**



**Incompatibility of Social Values  
with  
the General Interests of the Rich  
in the Capitalism.**

**Local-based society, Appropriate Scale,  
Appropriate Technology, Diversification,  
Community Principles with Trust among  
the People ...**

## **The Philippines and Japan:**

More Development of **Decentralization**  
and

Introduction of **Community Money**

**can prepare real changes in economies.**