Chapter 4
Boosting Local Economies: The Impact of N-Contour Gesellian Money on Regional Growth

Rinat Galiautdinov
Independent Researcher, Italy

ABSTRACT

This article explores the practical use of Gesellian money in several local regions which allowed the authors to collect the data and research the influence of the Gesellian model on the local economies. The implementation of Gesellian money has resulted in a significant increase in the turnover of money within local economies, which has helped to save struggling businesses that were unable to pay their employees. By using Gesellian money, local businesses have been able to circulate more money within their communities, leading to a more sustainable and prosperous economy. The implementation of Gesellian money has proven to be an effective tool for stimulating local economies and supporting small businesses. The research also showed that introduction of Gesellian model allows to avoid crucial crises in economy. The article also provides the solution of introduction Gesellian model into big economies using n-contour which allows to consider different growth amplitude of local economies, and the instruments for interaction between local economies and local-to-international economies.

INTRODUCTION

Gesellian money, also known as complementary currencies, is a concept that has been gaining popularity in recent years as communities seek to promote local economic development. These currencies are used in addition to the national currency of a country and are designed to encourage people to spend money locally and support local businesses. The use of Gesellian money has been growing in popularity in recent years, with many communities implementing their own versions of these currencies. While the impact of Gesellian money on the overall economy of a region or country is still being studied, early results suggest that these currencies can have a positive effect on local businesses and help to stimulate economic growth.

DOI: 10.4018/978-1-6684-8879-9.ch004

What is Gesellian Money?

Gesellian money, named after the German economist Silvio Gesell, is a type of complementary currency that is designed to promote local economic development (Gesell, S., 1958). These currencies are used in addition to the national currency of a country and are typically used within a specific geographic area, such as a city or region. The purpose of Gesellian money is to encourage people to spend money locally and support local businesses, rather than spending their money on goods and services from outside the area.

Gesellian money can take many different forms, depending on the community that implements it. Some communities use physical currencies, such as paper bills or coins, while others use digital currencies that can be accessed through a mobile app or website. Some Gesellian money systems are backed by a local government or community organization, while others are entirely decentralized.

How Does Gesellian Money Work?

The basic idea behind Gesellian money is that it is designed to stimulate local economic activity by encouraging people to spend money locally. In order to do this, many Gesellian money systems are designed with certain features that make them more attractive to consumers than traditional currencies.

One of the most common features of Gesellian money is that it typically loses value over time. This is known as demurrage, and it is designed to encourage people to spend their money quickly, rather than hoarding it. By losing value over time, Gesellian money incentivizes people to spend their money locally and support local businesses, rather than holding onto it and spending it elsewhere.

Another feature of Gesellian money is that it is often designed to be used in specific ways. For example, some Gesellian money systems may only be accepted at certain businesses or for certain types of goods and services. This can help to promote local economic development by encouraging people to spend their money on goods and services that are produced locally.

Examples of Gesellian Money

One of the earliest examples of Gesellian money was in the town of Wörgl, Austria, in 1932. The town was suffering from high unemployment and economic stagnation, so the mayor, Michael Unterguggenberger, decided to introduce a local currency called the Wörgl Schilling. The currency had a stamp on it that needed to be updated each month to maintain its value. If the stamp was not updated, the currency lost its value by 1% per month.

The Wörgl Schilling was a huge success. It encouraged spending and investment in the local economy, and unemployment dropped dramatically. The town became a model for other communities looking to stimulate their local economies.

Another example of Gesellian money was in Brazil in the 1990s. The government introduced a currency called the Real, which had a built-in demurrage system. The currency lost its value over time, which encouraged spending and discouraged hoarding. The Real was a huge success, and it helped stabilize the Brazilian economy after years of hyperinflation.

In Switzerland, there is a currency called the WIR, which has been in use since 1934. The WIR is a complementary currency that is used by businesses to trade with each other. The currency has a demurrage system built into it, which encourages businesses to use it quickly and invest in their operations.