

Course Outline: The Economic Perspective of Silvio Gesell

The Henry George School of Social Science

February- March 2024

6:30 to 7:30 PM, Monday nights (online)

Begins on 02/26/24, ends on 03/25/24.

Instructor

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Supplemental materials:

The course assumes no prior knowledge of Silvio Gesell. However, for those who wish to do some study in preparation, the following resources may be of interest. All can be found on the links page at www.silviogesell.com.

“Welcome to The Silvio Gesell Foundation” YouTube video. An 8-minute video introducing Gesell and our organization. There are other videos on the YouTube channel for those who want to take a deeper dive.

The Natural Economic Order (1916), by Silvio Gesell

The Robinson Crusoe Parable, an excerpt from *The Natural Economic Order* (This is a particularly worthwhile introduction to the Gesellian perspective on money & interest and is a quick read.)

The Silvio Gesell Foundation Substack, A series of articles exploring various aspects of the Gesellian perspective.

The following two articles are written by academic economists who have no connection with the Foundation but are very worthwhile. They both deal with the connection between Gesell and Keynes. This connection is fundamental to understanding how Gesell fits (or doesn't fit) within the context of mainstream economic thought. Most people who are familiar with Gesell first learned about him through Keynes' *The General Theory*, where five pages are dedicated to discussing Gesell's ideas. (A link to this excerpt can also be found on the Foundation website.)

“Keynes' Political Philosophy: The Gesell Connection” by William Darity Jr., UNC Chapel Hill

“From Keynes' Liquidity Preference to Gesell's Basic Interest” by Ahmed Anwar, University of Edinburgh

Course Overview

Silvio Gesell (1862-1930) is the most important economist most people have never heard of. Despite not even attending university, Gesell's economic analysis and proposals attracted the attention of the world during the first half of the 20th century, before being almost completely forgotten. Keynes referred to Gesell as an “unduly neglected prophet” and predicted “the future

will learn more from the spirit of Gesell than from that of Marx.” Irving Fisher of Yale University, the intellectual godfather of The New Deal, described himself as “a humble servant of the merchant Gesell.”

Gesell can be classified as an anti-Marxist socialist and an anti-capitalist free-market fundamentalist. (Making sense of these seemingly contradictory descriptions will be a key element of the course.) We will examine how Gesell’s life experiences led him to a unique understanding of the creation and distribution of wealth. He concluded that the central idea of the free-market system is theoretically sound but that it has never been properly implemented due to two fundamental flaws — an irrational form of money and private ownership of land. Gesell’s simple yet radical analysis explains how these two factors are the primary causes of poverty, wealth inequality, economic instability, and a “growth imperative” that is at odds with the laws of nature. He also made specific, concrete proposals to remedy these problems, thereby allowing the free-market system to finally deliver on its promises of broad-based prosperity, economic stability and sustainable, inclusive development.

In addition to a comprehensive overview of Gesell’s theory and proposals, we will also discuss some historical examples in which his ideas have been implemented in the real world and we will also look at the organizations around the world which constitute the present-day Gesellian movement.

Teaching Methodology

Mentally assimilating the Gesellian perspective is not primarily about building up complex new concepts or theories. Rather, it is mostly about re-examining the assumptions which underlie our existing economic theories, practices and institutions. After conducting an analysis from first principles, many of those beliefs and assumptions will need to be discarded once they are revealed to be irrational, unnatural, or both. Following this intellectual culling process, what remains is a remarkably simple yet radical perspective which reconciles the supposedly opposed, incompatible principles of capitalism and socialism.

Despite the fact that there are few new concepts to learn, the dismantling of existing modes of thought about our economic lives is extremely challenging and mentally strenuous. It is a process that requires a willingness to re-examine everything we think we know about economics.

Due to the challenging nature of the Gesellian perspective, the course will be presented in “bite sized” chunks, each of which will be followed by opportunities for questions and answers. While the course is scheduled for one-hour sessions, the instructor will be available for an additional 30 minutes after each class if there are still questions or comments to be addressed.

Course Schedule

Class 1: “The Gesellian Perspective”

We will review Gesell’s biographical history and how it led to the development of his economic perspective. We will look at how Gesell’s ideas became influential in Argentina around the turn of the century and then spread to Europe and the US, where prominent thinkers and policy makers viewed them as potential solutions to the Great Depression. We will consider the idea that Gesell represents a simple, elegant solution to the Gordian Knot of capitalism-vs-socialism,

revealing that, far from being opposed or incompatible, a proper implementation of the principles of free markets is the best path toward realizing the ideals of socialism.

Classes 2 & 3: “Unearned Income: Money & Land, Appropriation of The Commons”

How do we design an economic system that enables humanity to reap the unparalleled benefits of the free-market system while also recognizing the earth as the common heritage of society as a whole? In theory, the aim should be to allow private parties to keep the fruits of their labor while at the same time compensating society for any appropriation of community wealth that occurs in the process of production & distribution. The problem is that conventional forms of money and privately owned land cause the privatization of community wealth without compensation. Gesell refers to this as “unearned income”, and it is the unifying thread that ties together the Gesellian diagnosis of economic dysfunction. Unearned income is the primary cause of most of our big picture economic problems, from poverty to extreme wealth inequality to recurring economic crises to destruction of the environment. Gesell believed that by addressing these two root-causes and eliminating unearned income the free-market system could finally deliver on its promise of being “a rising tide that lifts all boats.”

We will deal with the subjects of money and land together in a unit that will take two weeks to cover. First, we will examine how existing forms of money result in misappropriation of community wealth. Gesell’s key insight was that money’s two primary functions — *medium of exchange* and *store of value* — are inherently incompatible. We will analyze Gesell’s assertion that interest is not a naturally occurring phenomenon, but rather is a consequence of our irrational form of money. We will compare Gesell’s analysis of interest with other theories of interest, such as the productivity theory, loanable funds, Keynes’ liquidity preference and the Austrian “time preference” theory. We will also examine how the existence of interest causes an array of problems, from insufficient employment & wages to destruction of the environment. We will then discuss Gesell’s critique of private land ownership and describe how allocation of land use would work in a Gesellian system.

Class 4: “Putting Gesell into Intellectual Context”

We will compare and contrast Gesell’s perspective with a number of other prominent economic thinkers & schools of thought, including Adam Smith, Karl Marx, John Maynard Keynes and Henry George. We will also talk about the cryptocurrency space from a Gesellian point-of-view.

Class 5: “Gesell in the Real World”

We will survey some real-world attempts to implement Gesell’s proposals, such as “The Miracle of Wörgl”. We will introduce various organizations around the world which are promoting Gesellian ideas as well as some specific initiatives and models for implementing Gesell’s proposals in today’s world and in the future.