Demurrage Currency

Why Demurrage Is a More Perfect Currency Mechanism Than Inflation

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1. Fixed Supply → Predictability

Demurrage keeps total supply fixed. Inflation constantly expands supply, reducing predictability and long-term trust.

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2. Encourages Circulation, Not Hoarding

Demurrage penalizes idle balances. Inflation penalizes everyone equally, including active users.

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3. Redistribution Instead of Dilution

Inflation benefits early receivers of new money. Demurrage sends deductions to the treasury → then to contributors and workers.

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4. Eliminates the Cantillon Effect

No hidden money printing. No insider advantage. All deductions are transparent and fairly distributed.

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5. Incentives Aligned With Contribution

Passive holders slowly lose share. Active contributors gain from treasury redistribution.

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6. Reduces Speculation

Demurrage discourages long-term hoarding and "store-of-value worship". Economy shifts toward actual utility, not price gambling.

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7. Treasury Funding Without Taxes

Demurrage generates a continuous treasury flow without printing money and without raising taxes. Ideal for DAOs, public goods, open-source ecosystems.

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8. Better for Public Goods

Instead of funding insiders, treasury funds flow directly to: • educators • researchers • builders • maintainers • civic contributors

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9. Increases Economic Velocity

Demurrage keeps money moving — more trade, more activity, more opportunity.

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10. Does Not Require Ever-Increasing Demand

Inflation **requires** more buyers, more users, and growing demand just to maintain value and prevent collapse.

Demurrage **does not depend on exponential demand**. Value remains stable because supply stays fixed — only percentage shares shift.

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Demurrage → A More Honest Monetary System

A currency that rewards contribution, penalizes hoarding, funds public goods, and doesn't rely on artificial growth.

Fixed supply. Transparent redistribution. Sustainable economics.

Demurrage Can't Work With Central Planning

Demurrage fails under centralized control. Treasury redistribution cannot be managed by a single authority — it becomes political, corruptible, and inefficient.

Demurrage requires **decentralized governance**, where redistribution is transparent, algorithmic, and community-driven.

Different economic networks and supply chains also need their own **independent currencies**, enabling a multi-currency ecosystem instead of one centrally planned system.

Inflationary Currency Creates Inequality by Design

Inflation does not affect everyone equally. It systematically transfers wealth **from the bottom to the top**.

Banks and large asset holders receive newly issued money first, before prices rise — this is called the **Cantillon Effect**. By the time new money reaches ordinary people, prices of assets, land, rent, stocks, and commodities have already increased.

This mechanism lets the financial elite gain purchasing power, while the majority loses it.

- The wealthiest 10% own **75% of the world's wealth**
- The least wealthy 50% own just **2%**

Inflation amplifies this gap every year by pumping new money into banks, corporations, and investors first — while devaluing the wages and savings of everyone else.