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THE EURO'S SMALL SIBLINGS

In Germany and Austria a rising number of complementary regional currencies supplement the legal tender

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Major lines of development

Since the introduction of the Euro on 1st January 2002, seventeen regions in Germany and Austria have introduced an additional currency intended to supplement the Euro in its respective area of circulation. Among them, and best known so far is the „Chiemgauer“, a complementary currency used in a small region in the southwest of Germany. It was first issued in 2003, exactly one year after the Euro's replacement of the Deutsche Mark, and the media quickly took notice: the almost exclusively positive coverage of leading TV and radio stations as well as most major German newspapers soon communicated the currency experiment to other parts of the country.

Now, three and a half years after it started, more than 430 small and medium-sized companies have accepted the Chiemgauer as a means of payment. In 2005 more than 1,200 people used it as additional medium of exchange. They generated a total annual turnover in Chiemgauer of approximately 720,000 Euro for the participating companies. The rapid rate of its circulation is seen as a major advantage in comparison to the Euro; each unit of the common currency, the Euro, is spent around 3,5 times a year on average, whereas a Chiemgauer note is used for transactions more than 15 times during the same period.

The public attention paid to the Chiemgauer and its high rate of uptake has quickly inspired the formation of a growing number of comparable initiatives in other regions of Germany and Austria, which have introduced similar exchange media or are planning to do so. In August 2003, the „Regionetzwerk“ was established as a countrywide network of complementary currency initiatives and recently transformed into a formally organised association, the Regiogeld-Verband, to support the introduction and to compare the experiences with these regional currencies.

Even before the Chiemgauer, in September 2001, another complementary currency was launched in the city of Bremen in northern Germany. Especially designed to support regional organic farming, the „Roland“ has lower growth rates and fewer users than the Chiemgauer. Nevertheless its initiators have developed a sophisticated system of savings and loan accounts for the users of the Roland and have been able to support a number of farmers in financing their investments.

In January 2004, the „KannWas“ was introduced in the German state of Schleswig-Holstein as the first complementary currency designed for a statewide use. Then, two month later the „Justus“ became the first complementary medium of exchange not based on and backed by the Euro.

A new wave of publicity was created by the introduction of the „Berliner“ in Berlin in February 2005. It is printed by the Bundesdruckerei the same printing firm that is responsible for printing Euro notes on behalf of the Deutsche Bundesbank. Prominent figures like Wolfgang Thierse, at that time president of the Bundestag (the Lower House of German Parliament), attended the kick-off event. The news agency dpa even reported, erroneously that the Berliner was meant to replace the Euro in the German capital, though it soon corrected this canard.

In Austria, the Arbeiterkammer, a government body, is supporting the complementary currency „Waldviertler“ by providing the money for the employment of seven people to support the Waldviertler system.

Further complementary currencies like the „Volmetaler“ in the German city of Hagen, the „Bürgerblüte“ in Kassel and the „Havelblüte“ in Potsdam have recently been launched. Several other complementary currencies exist or are planned in the nearer future.

The “Berchtesgardener Land” as model region

The Regiogeld e.V., the association of complementary currency issuers and initiatives that emanated from the Regionetzwerk, in February 2006 granted the Berchtesgardener Land, where the „Sterntaler“ is circulating, extra support and the status of „special model region“. The Sterntaler is a regional currency circulating on both sides of the German-Austrian border. The following goals of the initiative lead to the granting of this special status:

- To experiment with options for the systematic combination of money- and time-based complementary means of payment
- To achieve a compatibility with the Chiemgauer, which does partly circulate in the same area

- To make the Sterntaler a well working cross-border complementary currency and
- To make it a self-financing system.

The hope is, that the Sterntaler-project—which is considered to be one of the most successful and best-managed systems for complementary currencies in Germany and Austria—will generate fundamental insights for the advancement of other regional currencies as well. It is highly regarded by most participating businesses, and so the chances of success and valuable results seem to be quite good.

The creation of current account systems for complementary currencies

Like the Roland in Bremen, several other initiatives are emphasising current account systems for their currencies: for example the „Urstromtaler“ system in the state of Sachsen-Anhalt and the Chiemgauer. In the Chiemgauer-region, facilities for withdrawing the local currency from some Automatic Teller Machines (ATMs) have been set up—a first step in making the voucher system a fully functional card-based and electronically accessible payment system. Together with GLS Bank, the Chiemgauer association has recently completed the final steps of setting up a system of current accounts in the town of Wasserburg on the river Inn; after its trial run, this will hopefully be transferable to other regions.

A local savings bank in Leipzig has also developed (but not yet set up) a purely electronic current account system similar to the one used by the WIR Bank in Switzerland.

A different approach is followed by initiatives in the cities of Karlsruhe and Stuttgart. Here the goal is to develop a system of accounts that does not require a banking licence.

Elsewhere, based on software for Local Exchange Trading Systems (LETS) and with the goal to create an interface with standard banking software, a diverse group is informally working to develop a program capable of handling large scale and numerous electronic transactions.

A student's company turns into a co-operative

The enormous speed with which the regional currency movement has developed in Germany can be exemplified best by again looking at the Chiemgauer. This currency was designed and brought into circulation by an experimental company set up within a school, primarily as a learning tool to give pupils the opportunity to develop a "hands-on" understanding

of fundamental economic and business processes. They soon had to establish a registered association in order to meet the challenges resulting from the growth of their currency system. Meanwhile the system has outgrown the capabilities of the association and will be transformed into a co-operative by 2007. Completion of this transformation awaits a change in the co-operative law attached to the passage of an EU directive scheduled for autumn 2006. This directive will make it possible to set up co-operatives with a social or cultural instead of a purely economic purpose.

The reason for choosing the organisational form of a co-operative for managing the Chiemgauer lies in a close tie between the original idea that guided the establishment of co-operatives in the 19th century and the aspirations of regional currency systems today. Herrmann Schultze-Delitzsch (1808-1883) and Friedrich Wilhelm Raiffeisen (1818-1888) founded the first co-operative banks in Germany. They intended to create a self-help system for the regional economy in and around their respective hometowns—an intention pursued again today by many complementary currency initiatives. It is interesting to notice that the hometowns of both Mr. Delitzsch and Mr. Raiffeisen are now also home to initiatives to establish regional currencies. In Delitzsch, for example, the savings bank uses the successful Swiss WIR system, a co-operative existing since 1934, as its model for a regional currency system.

Differences between Eastern and Western Germany

Initiatives in Eastern Germany are facing special challenges in trying to set up regional currencies. This has led them to align with each other in a network called RIO (Regio Initiativen Ost – Eastern Regio Initiatives). The economic weakness of many regions in the east and the financially difficult situation of companies and citizens, both resulting from mistakes made during the process of transformation of the former socialist planned economy into a market economy, have left these regions with too few intra-regional business relationships to support small regional currency systems. In addition the financially strained situation of many businesses and people alike does not allow them to change scarce Euros into a regional currency, therefore making it very difficult or even impossible to adopt the successful Chiemgauer system—a Euro-backed system—for these regions.

Realising this, the initiators of the Urstromtaler-currency (circulating in the state of Sachsen-Anhalt) have abandoned the idea of a Euro backing. Usually it is not possible to acquire Urstromtaler by exchanging Euros for it. Instead the participating companies simply declare their willingness to accept Urstromtaler as a means of payment for their goods

and services, although they may set thresholds related to their turnover or accept a certain proportion of the full price. Citizens can join the Urstromtaler system by offering services for Urstromtaler or by accepting a small proportion of their wages in this currency. Members of this system get an Urstromtaler account in which they can accumulate their regional currency and which they can also overdraw to a certain degree. To make payments, people can withdraw money from their respective account or make a direct transfer to the account of another member.

A similar currency model is pursued in the city of Potsdam, where the Havelblüte recently began to circulate. Here the backbone of the currency is again a promise of participating companies to provide goods and services for the regional currency. As a special feature, the amount of Havelblüten a company is allowed to bring into circulation does not only depend on the scale on which it is willing to accept this currency as a means of payment, but also depends on the number of its employees. The future will show if hopes are justified—whether this design feature will result in the creation of jobs in the long run.

In order to meet the challenges of the relatively low degree of intra-regional economic activity and business relations in most Eastern German regions, the RIO-initiatives now consider setting up a clearing system capable of connecting different regional currencies. The goal is to strengthen the intra-regional circulation of goods and services. A similar system by the name of WÄRA existed in Germany between 1926 and 1931 and serves as an example for today's considerations.

Special challenges for the regional currency movement

So far the regional currency projects in Germany have started as grass-root initiatives, usually following a not-for-profit path and giving special weight to social and ecological values. As their umbrella association, the Regiogeld e.V. has developed a special organisational culture and has defined a set of norms and criteria in order to maintain these values and set a standard of quality.

An upcoming challenge lies in the intention of a profit-orientated local savings bank (Sparkasse) in Leipzig to introduce a professionally managed and commercially focused regional currency. Currently, the profit bias of this bank contradicts the values and criteria of the Regiogeld e.V. As a result, an integration of the bank and its currency into the umbrella association is currently not possible. If the bank does decide in favour of starting its currency, the Regiogeld e.V. will have to discuss how to deal with that situation, especially as the financial power, the professional experience and the technical infrastructure of the bank

would probably make its complementary currency the largest and most significant in Germany.

Tensions may also arise in Austria where the Arbeiterkammer's financial commitment towards the Waldviertler has resulted in the intention to abandon the demurrage. This feature specially aims at producing certain social benefits and is a critical element from the point of view of the citizens and entrepreneurs who have started the system. While the manpower and financial assistance provided by the central government body significantly widens the scope for further developing and promoting the Waldviertler, the downside of this development lies in a risk of losing its social and ecological focus.

The fundamental question the Regiogeld e.V. is increasingly confronted with is how to set up commercially self-financing currencies without abandoning its foundation values.

With respect to using demurrage as a circulation incentive, after some deliberations the Regiogeld e.V. has decided not to insist on this feature for currencies issued by its member initiatives. However, in order to ensure the economic neutrality of these currencies, member initiatives are required to take measures that prevent the charge of a liquidity premium (interest) in association with a regional currency.

Competition and cooperation with card-based customer loyalty systems

In recent years numerous institutions have introduced card-based customer loyalty systems, which in many instances have some commonalities with complementary currencies but rarely generate the same benefits for society in total. In Germany's non-urban regions, publishers of local and regional newspapers have been at the forefront of this development. As such, in some cases they pose a competitive threat for the establishment of regional currencies. First of all, businesses participating in a loyalty system often show an unwillingness to join yet another system, such as a complementary currency system. Secondly, the operator of a loyalty system often has an influential position within the region and can significantly increase the difficulties for setting up another currency if he perceives it as unwelcome competition. This has already led to the abandonment of some of the regional currency projects in Germany.

A solution for this problem may lie in merging loyalty-card-systems and complementary currencies on a regional level in order to generate synergies and combine the strengths of each of these approaches. Suggestions of how this can be done have been developed for the

administrative districts Osnabrück and Emsland, but could also be deployed elsewhere. People are also working on options for combining these systems in other regions. Nonetheless, to date it remains unclear whether these efforts will be successful. The interests of loyalty-card-operators and regional-currency-advocates often diverge too much to bring them together easily.

Scientific monitoring of regional currency projects

On the subject of research, various graduate diploma theses have already been finished and PhD research projects are in process of completion. Several of these studies have been published on the Regio-website. Their aim is to make the field of complementary currencies more transparent and to investigate whether these new financial designs are able to fulfil their goals. To enable cooperation and coordination in this field, many researchers have joined a network called “MoNa” (“Netzwerk für Monetäre Nachhaltigkeit”: network for research into monetary sustainability). This network regards itself as a platform for independent researchers and is not officially tied to the Regiogeld e.V. However, its members do welcome the Regiogeld e.V. as an important and necessary organisation and many have explicitly declared that they want to support the Regiogeld e.V. with their work.

Besides MoNa, a network called “Fachkompetenznetzwerk” (network of professional competence), abbreviated as FKN, has been established as advisory body for the Regiogeld e.V. Its members are experts and scientists with various professional and technical backgrounds. Members of the FKN are working on various projects and publications, among them the publication of a book bringing together the research results of different professionals.

A special study group of the FKN tries to examine the economic potential and the prospects of success of different models of complementary currencies. It also tries to answer the question of how best to deal with successful yet purely commercial complementary currencies, in case such models should emerge. How can the values and social goals currently associated with complementary currencies be preserved once these currencies gain ground and commercial banks start breaking into this domain?

Another focus of FKN members is on the relationship and mutual influence of regional complementary currencies and other complementary systems such as Miles-and-More. Besides regional currency systems, various other systems have the capacity to partly replace or supplement the use of money. A possible option to deal with this variety of systems is the foundation of an association or an institute

that will deal with, and can serve as an umbrella organisation for, all kinds of complementary currencies and money substitutes. Such an institution could serve as organisational interface and communication platform between issuers of various kinds of complementary means of payment, universities and other research institutions, government and administrative bodies, commercial banks and the Bundesbank respectively European Central Bank. Concrete actions along these lines are still pending, yet the group supporting this idea in complete accordance with the research findings of a recently published report to the Club-of-Rome entitled “Money and Sustainability: The Missing Link”.

General Future Perspectives

An important tendency within the regional currency movement is an increasing degree of networking and cooperation, as most activists understand that validating the assumptions that are fundamental for this movement is an enormous task, which nobody can carry alone. This trend will likely continue in coming years and affect evolution at both national and international levels. A possible future development within this context is the foundation of a European umbrella association and national associations.

An important opportunity, which might have relevance even beyond German borders, could arise from a public hearing in the Bundestag, the Lower House of German Parliament. Ulrich Kasparick, member of the German Parliament and former secretary of state in the federal ministry for education and research, has offered to support arranging such a hearing. In order to generate parliamentary backing for the complementary currency approach, the Regiogeld e.V. has begun to compile a list of members of the parliament who sympathise or are likely to sympathise with the idea of such supplementary means of exchange. The hope is to win support of members of all parliamentary parties before the hearing takes place in order to ensure a successful outcome.

A future problem for complementary paper currencies might arise from a classification of them as money. As the printing of money is an exclusive right of the Bundesbank, it cannot be excluded with absolute certainty that the issuance of complementary regional paper currencies might one day be assessed as illegal. Gerhard Rösl, research associate of the Bundesbank has already put existing complementary currencies in the category of money in an article published in *Wirtschaftsdienst*, one of Germany's leading economic periodicals. However, he also states that these currencies do not currently amount to more than 0.00002% of the money aggregate M1, which makes them irrelevant from the point of view of the Bundesbank. As long as the Bundesbank does not consider

these media of exchange a threat to the Euro stability, chances are that it will likely refrain from interventions and instead be satisfied with taking the role of a careful observer.

However, even in the event the Bundesbank changes its current attitude and makes a move to stop the issuance of complementary paper currencies, this would not necessarily mean that it will become completely impossible to issue such currencies. As the Bundesbank especially focuses Euro-backed systems, the bringing into circulation of money-like vouchers, backed by different means than the official currency, could remain a valid option even after such an intervention.

The Regiogeld e.V., and the Fachkompetenznetzwerk (FKN) as its advisory board, hope to be able to prevent interventions of the Bundesbank or the European Central Bank with pre-emptive justification that complementary means of payment do not pose a risk to the stability of the Euro, even if they should reach a size which makes them economically relevant on a broader level. Members of the FKN are working on scientific papers underpinning this argument. The 2006 report to the Club of Rome has already started paving the way by suggesting that regional currencies may play an important role in supporting sustainable development. Besides this research and advocacy work, the Regiogeld e.V. tries to win political support for complementary means of payment, recognising that political parties and members of parliament usually have a broader perspective than the Bundesbank and might acknowledge regional complementary currencies as an innovative instrument of sustainability policy.

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We calibrated the model for the euro area and for Germany. Our findings suggest that the welfare losses of negative interest rates incurred by consumers as holders of cash and transaction balances (M3) are large and enduring, notably if implemented in the current low-interest rate environment. View. The significance of legal tender laws in introducing alternative moneys is questioned and the focus is shifted to the political and ideological problems. That is why, although German Regiogeld are usually presented as "complementary currencies", the Bundesbank study into the risk of local competition for the German Regiogeld with the euro made sense, despite the fact that the conclusion reached in 2006 was clearly that the euro did not face any serious risk (RÄ¶sl, 2006). A complementary currency is a currency or medium of exchange that is not necessarily a national currency, but that is thought of as supplementing or complementing national currencies.:3:2 Complementary currencies are usually not legal tender and their use is based on agreement between the parties exchanging the currency. According to JÄ¶me Blanc of Laboratoire d'Ä¶conomie de la Firme et des Institutions, complementary currencies aim to protect, stimulate or orientate the economy.:7 They may also be 14. Currency markets

2 CHECK YOUR ENGLISH VOCABULARY FOR BANKING AND FINANCE. KZ are mostly used for small everyday transactions. TRUE / FALSE. In Kzarnia, you can pay for you hotels, restaurants and taxi drivers in any hard currency. TRUE / FALSE. 2. One effect of the introduction of the euro was "euro inflation", with the 5_ rising sharply as a result of the 6_ of prices. D. Choose the best words. 1. When the government doesn't control the exchange rate in any way, the currency is _.

Mechtaeva's husband was killed as the Germans took Brest. Along with many other young women and teens, she was forcefully sent to Germany where she spent a year in a labor camp and then was "fortunate" to be sent to a German family farm. There, she was forced to work, unpaid and sometimes beaten, until the Soviets liberated her, allowing her to return home. Up until her death in 2013, she hardly mentioned her time in Germany. Those who came from the USSR were called Ostarbeiter "œworkers from the East," and their status in the German hierarchy of peoples was among the lowest; hence, the inhumane treatment. Trains go west. A Nazi propaganda poster which reads: "I live in a German family and feel just fine". Archive photo.