

- Working Paper -

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COMMUNITY EXCHANGE AND TRADING SYSTEMS IN GERMANY

1. Introduction

“Zeit ist die Währung“ (“Time is the Currency“), “Eine neue Hilfe auf Gegenseitigkeit“ (“A new form of mutual aid“), “Leckeres für eure Party, suche Hilfe für meinen Garten“ (“Provide catering service, need help for garden work“) – headlines like these continue to attract public attention for community currencies in Germany. Due to intensive coverage on TV, radio and by the print media over the last ten years in particular the label “Tauschring” (exchange-ring) has become well known in many parts of Germany. In addition, “Senioren-genossenschaften” (senior-citizen-cooperatives) and, more recently, “Regiogelder” – initiatives to found new “regional currencies” form the image of community currencies in this country. This article will provide an overview of these different forms of local or regional exchange systems. Also included are less well-known trading arrangements as the “Bethel-Euro” that has been used in a psychiatric clinic for almost hundred years. The analysis commences with a representation of those historic systems, which developed in times of economic crisis around the year 1930 as well as after the Second World War.

In this context the question of a definition of local exchange systems has to be raised. Are these just a different form of money, an alternative to the Euro? Greco includes in his discussion of alternatives to legal tender railway notes, money issued by the Leipzig-Dresden Railway in the early nineteenth century (Greco, 2001, pp. 70-72, 74). In particular in Germany such a broad understanding of such systems would enlarge the scope of an analysis significantly. Also in other periods, most notably at the time

of hyperinflation in the early twenties of the last century, it was not just one central authority, which issued money. The systems dealt with in this paper are non-profit systems, a feature, which distinguishes them from commercial barter systems. They are systems, which are available for a limited circle of participants. This community may define itself in various ways: by formal membership in an organization and / or by associating itself with a locality. The purpose is to organize trade, to create cycles between supply and demand separate from those of the capitalist economy. The monetary arrangement is an essential aspect of such systems, but it does not explain all and everything. In order to understand the specific characteristics of a system it is necessary to ask for the objectives of its members and for the socioeconomic framework in which it operates. This is not supposed to be a clear-cut definition, but a first approximation to the issue, which will be refined throughout this paper.

These introductory remarks already indicate the importance of theoretical reflections. In fact, the development of community currencies has to be seen in the context of the development of thought in this field. Of course, this concerns contributions known internationally, but the focus of this article will be on literature available in German language only.

2. Historic experiments

2.1. Schwanenkirchen and other WÄRA initiatives (1929 – 1931)

Much of the inspiration for the development of community currencies has been provided by Silvio Gesell. It should, however, not be forgotten that this author had not in mind systems as defined above. He was not interested in the regional dimension of community currencies. A further indication for his distance towards such initiatives is that he was very much opposed to the tradition of the co-operative movement (Gesell, 1920, pp. XX and 276-278), certainly one of the roots of community currencies.

It is therefore not surprising that the first experiment to implement the ideas of Gesell was not meant to be a complement, but a viable alternative to the established economic system. After years of preparation Hans Timm and Helmut Rödiger founded the WÄRA exchange society in October 1929. The organization issued scrip currency against payment of Reichsmark or other securities. After two years more than thousand shops in all parts of the country participated in the scheme. They accepted WÄRA and paid at least part of the wages in this currency. Slowly but surely an alternative circle of economic activity developed (Onken, 1997, p. 35).

This success has to be understood within the context of the crisis, which paralysed economic activity after the financial crash in October 1929. An economic depression entangled into the vicious circle of deflation was exactly the scenario, which fitted into the theoretical framework provided by Gesell. Part of the WÄRA scheme was the “Umlaufsicherung”, the cornerstone of Gesells theory. In order to maintain the nominal value the holder of a note had to pay a monthly fee of 1% of its value. This was accomplished by putting stamps on the reverse side of every note (Onken, 1997, p. 35f). Directly translated, “Umlaufsicherung” means to secure circulation; basically this is a turnover incentive.

The participant, which received most of the public attention, was certainly the mine of Schwanenkirchen. This business had gone bankrupt after the 1929 crash and was subsequently acquired by a mining engineer – Max Hebecker. With financial support from WÄRA he managed to reopen the mine. At the initial stage the 45 employees received between 60 and 75 % of their wage in WÄRA money. First, local business people hesitated, but the support Hebecker received from suppliers who were also part of the WÄRA network made them changing their mind and they accepted this alternative kind of money. In contrast to the rest of the WÄRA network with scattered participants here and there, a regional cluster had

developed in Schwanenkirchen and its neighboring villages. The successful experiment had to be abandoned at the end of 1931 after the German Government had declared all kinds of “emergency money” (including WÄRA) to be illegal. The mine was closed and the workers became unemployed again (cf. Onken, 1997, p. 37f and Greco, 2001, pp. 64-66). The example of Schwanenkirchen, however, provided a model for experiments in other parts of the world, most notably in the Austrian town Wörgl.

2.2. Employment Initiatives in the early Thirties

Hubert (2004, pp. 108-110) sheds some light on an episode of the years 1931 and 1932. In Berlin many unemployed made use of the possibility to become active in workshops. Here they did not earn any money, but became entitled to receive goods and service produced in these workshop according to the labor time they had contributed.

2.3. Barter-Centers and Tauschringe after World War II

The material situation in the years between 1945 and 1948 was dramatic. The official rationing system installed by the authorities was incapable to the bare necessities of life. A black market developed, mainly for the exchange of durable goods against food and fuel. The German currency, the “Reichsmark” had been inflated during the war. The official money had lost its importance also because the rationing system worked via coupons. On the black market, cigarettes were used as a substitute currency.

Already during the war the authorities had experimented with exchange systems. In summer 1945 the administration controlled by the occupying forces began to establish Barter-Centers and Tauschringe as a legal alternative to the black market. Usually these centers were former retail shops. Clients could bring their goods, these were appraised in terms of Reichsmark at the value of 1938. Although the Reichsmark had lost its

value it served as a measure to evaluate the goods. If the good was accepted, the client received a credit note and could make his choice from the pool of goods available in the shop (Schneider, 1996, p. 124). The Barter-Center charged a fee for the service. These institutions existed in all four military zones, i. e. in many parts of Germany. Different variations of the system developed. In some cases the Barter-Center (sometimes also called Tauschzentrale) acted as buyer or seller or they took the goods on a commission basis. Only in the latter case the system was, of course, a pure multi-lateral exchange system. The efficiency was enhanced by the formation of so-called “Tauschringe”, associations of Barter Centers. A customer could take his or her credit slip and go shopping in a number of Barter Centers in the region (Schneider, 1996, p. 123).

The history of these institution is, as Schneider stresses, a “forgotten chapter of economic history” (1996, part of the title translated). In fact, the rather short article by Schneider documents the only research, which has been carried out in this field so far. Schneider focuses on Baden and Württemberg, the Southwest of the country. At the end of 1947 513 retail shops participated in such schemes. Until that time more than 2.1 million transactions worth more than 8.6 million Reichsmark were accounted in this region (Schneider, 1996, p. 136 quotes Stadtarchiv Esslingen: W. Nitsche, Denkschrift 2 Jahre Tauschring, Stuttgart 1947, p. 6f. Cf. in this context also Bareis, 2000). The schemes ceased to exist in 1948 when the currency reform ended the period of extreme misery.

2.4. Germany until 1989 – roots for present-day systems

Continuous prosperity in Western Germany left not any space for the development of economic experiments. Worth mentioning is the very small group of adherents of Silvio Gesell. One of them, Karl Walker, tried to found a WIR-Bank, a business-to-business exchange scheme as it existed in Switzerland, also in Germany (Walker, no year, cf. also

Godschalk, 1986, p. 40). The project had no chance to take off; the courts declared it to be illegal.

In Eastern Germany, on the other hand, the shortcomings of the official centralized economic system made bartering a very important part of everyday life. This, however, did not lead to the development of formal exchange systems.

In the late seventies and early eighties the picture changed. People rediscovered the informal economy. Homework and do-it-yourself, also moonlighting and the new generation of self-employed working in newly established co-operatives – sometimes these elements were considered to be the forerunners of an economy beyond the capitalist system.

Apparently, this “conceptual ‘tuttifrutti’” (Huber, 1985, p. 239) did not produce viable alternatives. However, many of the ideas discussed at that time provided the ground for the development of exchange systems. As early as 1979 Rosanvallon referred to the basic idea of “Small is beautiful” and suggested the creation of autonomous local and regional markets as a complement to the established global economic system (pp. 218, 220). This discussion had also some influence on Rolf G. Heinze who, together with Claus Offe, published a first article in 1986. As in their later publications (most notable is “Beyond Employment”, 1992, published in German in 1990) they proposed the establishment of “Kooperationsringe” as a way to overcome the “diseconomies of scale” of informal household production (1986, pp. 491-494). Also the heritage of Gesell, the “Freiwirtschaftslehre”, was kept alive by authors like Onken, Godschalk and Suhr.

In contrast to some other countries hardly any practical experiments followed in these early years. Worth mentioning is KUVOG, “Kaufen und Verkaufen ohne Geld” (Buy and Sell without money) in Hannover, 1987. The system was offered as a service by a single person with credits

and debits to be booked on accounts. The initiative managed to publish a pretty long list with advertisements, but the actual exchange never really got off the ground.

In addition to these rather pragmatic approaches also the vision of an economy beyond market and state was kept alive. In November 1989 the magazine “Contraste” published a scenario for the year 2029 (p. 14): in a dual economy buyers and sellers had the option to arrange their transactions not only in traditional currency but also with regional money. Beside strictly defined regional boundaries also a time limit had to be observed – the surplus of credits and debits at the end of the year became payable in ordinary currency and subject to the taxation rules of the traditional economy. Only in as far as income and expenditure were balanced within one period they were attributed to the regional market, an institution endowed with fiscal privileges. At the end of 1989 the enthusiasm of the alternative economics movement had already been evaporated. Also, with the fall of the Berlin wall public attention became focused on very different issues and it should take a couple of years until the revival of interest in local and regional exchange systems.

3. The “Bethel Euro” – a community currency in psychiatry

The system described in this chapter was founded already in 1906 and it still exists today. Bethel is a psychiatry institution with a focus on the treatment of epilepsy. It is a large organization with many thousand patients. The Protestant Church founded Bethel in 1867. At a time of widespread impoverishment handicapped people very often did not receive the necessary care from their families and communities. Bethel offered them a new home; Friedrich von Bodelschwingh, its principal of the early years, built up a colony with horticulture, workshops, warehouses and shops. Labor was an important element of his concept: it helped to secure the economic basis of the institution and was an integral part of a meaningful life for the inmates.

In order to save resources and encourage consumption of Bethel products, Bodelschwingh introduced vouchers, the so-called “Bethel-Geld” (Bethel money), in 1908 (Korn, 1998, p. 58). By using these vouchers inmates and employees became entitled to a dividend payment. A premium was introduced; for one Mark in ordinary currency the user received 1.05 Bethel-Mark.

The close link with the Reichsmark meant that the Bethel money was also exposed to the turbulences of the major economy. In November 1923 vouchers with a value of 50, 100 and even 500 Billion Mark were issued. A few years later, during the depression, a large part of wages and salaries were paid in Bethel money. When the German Government interdicted “emergency money” in 1931 the case of Bethel was also discussed, but the Treasury explicitly permitted this alternative currency with the argument that it was available to a limited circle of users only (Korn, 1998, pp. 69-74). The model was copied and applied also in other psychiatric institutions (cf. Klucken, no year). But only the system from Bethel continued to operate until today. It was suspended after the currency reform of 1948, but was reintroduced in 1955 in order to make employment in Bethel more attractive by an extra payment in Bethel-Mark (Korn, 1998, p. 99). In 2002 the parity was adapted to the Euro currency (Ilgenfritz, 2002). Nowadays, the “Bethel-Euro” does not play a central role for the productive sector of Bethel any more. But still, payment in many shops in Bethel, for the hairdresser, the baker and the butcher is being made with Bethel-Euro.

4. Trade and Exchange in the Neighborhood

4.1. Seniorengenossenschaften

In 1991 the first “Seniorengenossenschaften” (senior-citizen-cooperatives) were founded in Baden-Württemberg, a state in the Southwest of Germany. The head of this state, Ministerpräsident Späth,

had come across a Time Dollar initiative in the United States. Back home, the model was adapted to the specific needs of social work with elderly people. (Baukhage and Wendl, 1998, p. 89). Germany is a country with one of the lowest birth rates in the world. The precarious demographic development explains why the administration invested in experiments, which encourage mutual aid among pensioners (Mändle, 1990, pp. 250f). Quite interestingly, in the planning stage Mändle emphasized the cooperative tradition of these organizations (Mändle, 1990, pp. 254f, see in this context also Münkner, 2001, pp. 198-200). This explains their name, but with regard to their legal status as well as their character as social and not so much economic organizations they are “social clubs” and not cooperatives.

Thus, Seniorengenossenschaften are not a grassroots movement, the initiative came from “from above”. The state provided financial means to launch the projects and guaranteed the credits earned by participants, research projects accompanied these experiments. Most of the literature about these institutions published in the nineties deals with the role they might take in social work with senior citizens (see for instance Schmidt, 1995, also Otto, 1995). There is hardly any information available with regard to their specific features as community currencies. Practical issues are reported only in a few case studies, which are rather dated. Wiech (1995, pp. 196 and 198), for instance, reports that the 223 members of the Seniorengenossenschaft Ulm-Wiblingen had accumulated 6.000 points, i.e. 3.000 hours in the first year since its foundation in 1994. The principle to exchange services on an equal basis is handled in a rather pragmatic way. The “Seniorenhilfe Dietzenbach” in the Offenbach area had, after just one year, already more than 600 members, about 80% of them, however, tended to be rather passive (Lucas and Thüring, 1995, p. 222, see also Hoffmann, 1998, pp. 68-76 and Sikora and Hoffmann, 2001, pp. 137-144). Unfortunately, no empirical research has been carried out in recent years. Organizations like the “Seniorenhilfe Dietzenbach” still

exist. But it is difficult to appraise how much exchange activity is going on in the (approximately) 50 Seniorengenossenschaften in Germany.

4.2. Tauschringe

In 1993 a “Zeit-Tausch-Börse” was founded in Bergisch-Gladbach. Christine Bragand, the founder of this time-exchange system was inspired not so much by other exchange system models, but by traditional forms of barter (Baukhage and Wendl, 1998, pp. 43f). Somehow, the “idea was in the air”. Also in 1993, the first press articles were published about the large number of LETS founded in Britain (see for instance “Der Spiegel”). The Local exchange and Trading System as developed by Michael Linton became the blueprint for the development of the Tauschringe. It was described in academic publications (most notably Offe and Heinze, 1990, pp.131-150, Petersson, 1990) and it had been taken up by the adherents of Gesell (Kennedy, 1992, pp. 189-195, Estermann, 1994). In 1992 the Group “IFP Lokale Ökonomie” presented a collection of material about LETS in German.

Whereas the original LETS did not make a reference to “time” (LETS principles, 3. September 1989 - IFP Lokale Ökonomie, 1992, pp. 3f) almost all Tauschringe adopted it as a measure of value. However, there have been many disputes how rigidly the principle of equal evaluation of Tauschring work is to be applied. Some “rings” recommended a guideline for one hour work analogue to wages for odd jobs in ordinary currency (the Talente Tauschring Hannover, for instance, suggests 15-20 “Talente”, Fahl, 1999, p. 26 and Schroeder, 2002). Others attempted to insulate their system completely from the traditional economy. Tauschwatt Bremen stipulated 6 “Tiden” to be appropriate for one hour of work (Sachs, 1999, p. 18, see in this context also Tauschring München, 2003, p. 6). It has to be added that Tauschringe generally also facilitate the exchange of material goods - an evaluation in terms of Euro currency can hardly be ruled out here.

Different attitudes towards the “time” issue is just one of the many distinguishing features among the Tauschringe – they are far from being a homogenous group. Unfortunately, there is hardly any nationwide survey that provides a comprehensive picture of these systems. An early exception is the empirical work by PaySys (1997, pp. 83-99). In 1996 PaySys approached 79 exchange-rings, today it can be estimated that there are about 350 Tauschringe. (In the “Bundesweite Tauschring-Adressenliste” 244 systems are being registered, the “Adressliste der Tauschsysteme” counts 334 systems, a few of them do not exist any more, but – according to investigations of the author of this paper – these are more than outweighed by smaller systems which are not covered in any survey.) In the very recent past this total number has slightly increased, but, all in all, the level had been reached already at the turn of the century (cf. Pierret, 1999). Indicating such numbers might produce a somewhat distorted picture. In some regions exchange-rings form networks: smaller organizations present themselves with their own local identity but organize the administration together with another Tauschring in the region. Also, many Tauschringe in a region are associated via bilateral agreements with each other - this makes it possible to trade also with the members of the neighboring Tauschring. The number of members ranges from around 20 to more than 300. In most organizations many members are rather inactive, do hardly any trading and/or participate at social events.¹ In some cases they may be passive supporters, but most of them leave the organization after some time. In particular the urban Tauschringe experience a high level of fluctuation.

¹ Turnover is rather low. The Talente Tauschring Hannover, for instance, accounted 31.634 Talente in 2004. That corresponds to 15.817 Euros; this figure does not include the public sector – 265 members (annual average) paid fees worth 9.540 Talente. (Talente Tauschring Hannover, 2005, p. 30).

Of course, exchange-rings can be found in larger cities, but by now, they are a quite common in many parts of the country, in suburbs, towns and also some rural areas. An example is the Wendland, a region whose inhabitants politically combat against the use of this location as nuclear waste disposal. There are some larger “white spots”, deserts with regard to exchange-rings as, for instance, in the Northwest or in some parts of Eastern Germany. All in all, these organizations tend to prosper more in wealthy regions like the Munich area.

The vast majority of the Tauschringe uses a central accounting system. For this as well as other administrative functions specific software solutions are available. The most popular program, “Tauschrausch”, even allows charging the “Umlaufsicherung”. This device, however, is hardly being applied; due to the small amounts traded such an economic incentive does not have a significant impact on the trading behavior. Presently, some programmers work on a new generation of tools, which allows online access to the data. A peculiarity is the decentral device developed by the döMAK in Halle. Every member has a logbook where the plus or minus value of a transaction is being recorded (cf. also Greco, 2001, p. 106f). Only a few Tauschringe adopted this model.

There is only little data available with regard to the social structure of the Tauschringe. The proportion of women is slightly higher among exchange-ring members. (Meier, 2000, p. 162, reports a share of 59% for a sample of six rings, Schroeder, 2002, states that 62% of the members of the Talente Tauschring Hannover are women.) There are three or four exchange-rings exclusively for women (for example Frauen-Tauschring Berlin-Kreuzberg). This, however, is untypical; usually they are open for people from all parts of society. Meier (2001, p. 207) confirms in her empirical analysis that members from all sections of the society participate in Tauschring activities, but the facility is used in particular by unemployed and part-time workers. The mix of people from a variety of

age groups and with different socioeconomic backgrounds contributes probably to the attractiveness of these forums. Schmidt, Wagner and Koch emphasized in their case study of the Gib & Nimm-Tauschring Nürnberg (2001) the patchwork biographies (“Bastelbiographien”) of many members.

Why do people participate in these organizations? According to Meier (2001, p. 207) not predominantly material but social aspects motivate people to become and stay a Tauschring member. The author of this article supposes that the German tradition of setting up social clubs (“Vereine”) is of some importance for the Tauschringe (Schroeder, 1992). Although these organizations distinguish themselves from traditional German clubs (as stressed by Deschle, 2001, p. 184), customary patterns of social behavior might explain why, for instance, people are prepared to do organization work. Unfortunately, there is no empirical information about the motivation of the 1.500 or even 2000 people in Germany who do continuous administrative work for a Tauschring. One can only speculate – the driving force behind these efforts is probably also a political motivation, a feeling that these social innovations have a meaning beyond a mere social club. The distinction of Kristof et al. (2001, p. 13) between communicative, ideological and performance orientated Tauschringe appears to be a bit crude, but the three spheres may be considered as the coordinates, which describe the characteristic of a specific organization.

Such “political” or “ideological” motivations of organizers and other members also explain different visions about the future of these institutions. The Tauschring Freiburg tried to integrate local businesses on a broad basis (Sikora and Hoffmann, 2001, pp. 118-122). But the attempt to use a Tauschring as a nucleus to create a local economy did not lead very far. Legal constraints but also the will of many private Tauschring adherents to remain “small and beautiful” meant that professional

suppliers are of marginal importance. Others suggested integrating exchange-rings into a network of public services. They projected the goal of a “Gemeinwohl-Ökonomie” (Sikora and Hoffmann, 2001, title) - a commonwealth economy. This variant of Third-Sector approaches was opposed by a majority of activists who felt that the character of the exchange-rings as open social experiments would be impaired. Some of the advocates of an intensified cooperation with the public sector are professionals.

Such different perspectives are also one of the reasons that it was not possible to establish a federal association of the German Tauschringe. Nevertheless, over the years it was possible to set up an infrastructure on the national level. Since 1996 annual federal meetings are being organized. The exchange of information is also facilitated by a quarterly magazine (the “Tauschmagazin”), E-mail lists, regional conferences etc. The “Ressourcentauschring (RTR)” is a clearing-house, which makes it possible to trade with members of other exchange-rings in the country.

It would be beyond the scope of this article to describe the various aspects of the legal framework relevant for exchange-rings.² Generally speaking, allowances stipulated in fiscal and other laws exempt petty trade among private people as usually pursued in a Tauschring. This does not apply to formally self-employed participants who are required to declare the equivalent of any income or turnover they generated in the Tauschring. All in all, over more than ten years there have been hardly any cases where the Tauschringe were drawn into legal disputes. However, for Tauschring activists it remains a problem to organize trade in a jungle of

² For an early comment cf. Brandenstein et al. (1997). Lehmann (2000) argues in favor of a legislation, which specifically acknowledges the Tauschringe and stipulates general allowances. Pieper (2002) offers a very detailed analysis of the legal position of LETS and Barter-Clubs in Germany. For an overview see also the handbooks by Hoffmann (1998, in particular pp. 138-142, also pp. 144-153) and Islinger (1998, pp. 50-61 and 99-101).

regulations. This does not only concern the field of fiscal directives, but also unemployment, social security and insurance issues as well as possible conflicts with rules that protect the domains of the various professional associations.

The Tauschring movement has not been able to define a common political position. The majority of Tauschring members is reluctant to deal with intricate legal or political problems and leave this to Tauschring organizers. Many of the challenges they face today had not been expected in the early years. One problem is that people leave this mutual credit system without having compensated the negative balance they had incurred. The management of these bad debts is often inadequate due to an insufficient understanding of the accounting principles that underlie the Tauschring model. (The problem was discussed at the Bundestreffen in Münster – cf. Scharl, 2004 for the minute of the workshop.) So far, this has not resulted in major breakdowns (as in Australia – cf. Jackson, 1997), but to cope with this problem might be the major challenge for the Tauschringe in Germany.

5. Other approaches

The success of the Tauschringe has led to a number of developments at the fringe of this movement.

- There are more discussions about the basic meaning of “exchange”. Heide Marie Schwermer (2003), a former Tauschring organizer describes her life without money. She lives the vision of social life beyond any formal exchange system.
- The issue “exchange” becomes subject of school projects (already mentioned by Pierret, 1999). The most prominent example is perhaps the Regiogeld “Chiemgauer” described below. A very different example is a special school for maladjusted children in a difficult neighborhood in Munich. An important element of this project run by Susanne Korbmacher is the “Lichttaler”: The “ghettokids” get a

remuneration in form of “Light Dollars” for instance for courses they offer in Break-Dance, a kind of a currency they might spend to acquire a driving license (Korbmacher, 2004, pp. 312f and 217). Also to be mentioned in this context are some of the “small economies” organized as an adventurous enterprise in holiday camps for children (for an example see Gringer, 2004).

- The Weleda company founded a support network. Retired ex-employees can earn points in this Tauschring for instance by providing a baby-sitting service to their former colleagues (Wörnle, 2005).
- “Buchticket.de” is one of the few online projects, which proved to be successful. A registered user can buy a book against a virtual currency (only postage has to be paid in Euro). Access to the system is free. The example of this “one-product Tauschring” shows that the system is not necessarily to be defined by spatial boundaries, it can also be a sectoral system.
- The success of new and alternative structures also had a positive feedback to established institutions. Apart from commercial barter the use of exchange system might be an option for the public sector. Hagenhoff (2003) considers such systems as a means to facilitate the exchange of resources among universities.

6. Regiogelder

When it became clear that the Tauschringe would not move far beyond the narrow boundaries of private exchange a fresh start was launched towards the establishment of an alternative economy. The initiative to found the Regiogelder comes from enthusiasts who have their roots in the “Freiwirtschaftslehre”. In contrast to traditional adherents of Silvio Gesell the protagonists of this movement, Margrit Kennedy and Bernhard Lietaer (2004), consider the development of “complementary currencies” as an objective on its own. (For a traditionalist Gesellian position which

focuses on the change in the major economy cf. Creutz, 2001, pp. 585-595.)

The first regional currency was the “Bremer Roland” founded in the year 2001. By now, twelve of these systems exist, others are supposed to follow. In particular, the “Chiemgauer” received a lot of media attention, probably also due to the fact that this venture started as a school project and is run by teachers and their pupils. It is the only Regiogeld, which managed to achieve a certain level of economic significance.

Surprisingly, the advocates of the model (like Kennedy and Lietaer, 2004) make no reference to the very similar Toronto Dollar (for this system see Greco, 2001, pp. 107-112). A customer acquires one Chiemgauer for one Euro. The Chiemgauer is a printed note or, more precisely, a voucher. It entitles the bearer to buy goods in one of the businesses associated with the system at the same parity as customers who pay in Euro currency. The payee can either use the voucher to make his or her shopping or return it to the Chiemgauer organization and receive 95% of the value in Euro currency in return. Two percentage points cover the expenses, three percentage points will be donated to community charities. Basically, this is a bonus system where the benefit takes the form of social sponsoring. For businesses the redemption fee of 5% are marketing expenses, as such they are tax-deductible. The Chiemgauer is subject to a demurrage or Umlaufsicherung – in order to maintain its value a stamp of 2% of the nominal value has to be put on the voucher. In 2004 250 business and charities participated in the scheme. In this year businesses accounted a turnover equivalent to 426.000 Euros. At the end of 2004 40.000 Chiemgauer were in circulation (Gelleri, 2005).

A mere bonus system does certainly not qualify to be a community currency, i. e. an alternative cycle between supply and demand. The Chiemgauer, however, attempts to create new circuits between production and consumption by encouraging businesses not to return vouchers

immediately. Here, however, the Regiogelder will be faced with two types of problems:

- The voucher would be transformed into money. The issue of money is being reserved to the Central Bank. (For a survey of these legal aspects see the contribution of Godschalk to the book of Lietaer and Kennedy, 2004, in particular p. 233.) These juridical problems might be easier to handle with book money. With present technologies this would make the operation of the system too complex and thus too expensive. This leads to the second kind of problem - ...
- ... the transaction costs. In order to satisfy the requirements of customers and businesses it is necessary to develop a professional service. Very few of the enthusiastic pioneers have the know-how to operate such systems. How can this be financed? This question would become even more precarious if a fully-fledged regional system as proposed by Kennedy and Lietaer was installed. Beside a bonus system they consider a financing facility and a business-to-business exchange ring as necessary elements for such a system (Kennedy and Lietaer, 2004, p. 103).

In the short-run it might be possible to secure public funding for some pilot projects, in the long-run, however, it will be quite challenging to show that these costs are not solely to be covered by the regional businesses which participate in the system. In this context it has to be borne in mind that the small businesses involved are presently under enormous pressure. Certainly, this offers chances for the establishment of regional economic circuits. But in order to overcome the legal and financial constraints a set of economic, social and possibly ecological reasons has to be developed in a systematic way. The mere aspiration to overcome the scarcity of money would be rather counterproductive in this political process. It will be necessary to show that it makes sense to create links on the regional level between those who offer goods and service usually produced in a relatively labor-intensive manner. Nurses taking

care of the elderly would be enabled to buy organic farm products or pay the plumber with regional money. But this version requires courage, the courage to refer those who are not part of the cycle, those who are not participating in regional production to the established economy. They might participate in regional bonus schemes, but these have to be distinguished from regional economic cycles. Limits have to be defined.

7. Theoretical aspects of community currencies – a critical appraisal of the discussion in Germany

Kennedy and Lietaer do not confine their proposal to the development of Regiogelder. They envisage the integration of the various exchange systems into networks (2004, pp. 158-168). This perspective is entrenched in an understanding of “complementary currencies” just as monetary systems. Other features, which have been described throughout this paper, are considered to be of secondary importance or they are simply being ignored. The vast majority of social scientist simply turns a blind eye to the dream of a new monetary order. Is it really necessary to unveil nonsense? Paul posed this polemic question at the outset of his criticism of the alternative monetarists (Paul, 2003, pp. 149f). The article by Paul is part of a reader edited by Becker that represents one of the rare examples for a controversial discussion of the Lietaer approach (confer for instance the contribution by Priddat, 2003). Peacock (2003, p. 93) complains that analyses of the economic structures of LETS can hardly be found.

³ Although authors like Elsen remain rather vague in respect of the specific role community currencies could play within their frameworks their work has repercussions. Recently, a student (Eidam, 2004) attempted to fill the gap and wrote a dissertation about “Tauschsysteme” and “Gemeinwesenarbeit”. The contributions from students are collected by the „Tauschring-Archiv - <http://www.tauschring-archiv.de/html/diplom1.html> and <http://www.tauschring-archiv.de/html/diplom2.html> (2.3.04). Beside this „grey“ literature a number of PhD-Theses have been published – Meier (2000), Pieper (2002), Hubert (2004).

Discussions where also non-monetary approaches are presented hardly ever take place. This despite the fact that German literature comprises a variety of studies, which analyse exchange systems from different angles. One early example, known also on the international level, are the works of Offe and Heinze, most notably “Organisierte Eigenarbeit” (1990, published in English under the title “Beyond Employment” in 1992). In particular the Tauschringe have been investigated by social scientists. Examples of empirical analyses are the contributions by Meier (2000) or by Kristof et al. (2001). Meier interpreted her findings through the lens of neo-classic economic theory (see in this context also Schröder, 1992 and Schroeder, 2000). Kristof et al. analysed in how far these organizations fulfill criteria of sustainability. Hertzfeldt (2001) studied exchange rings from a feminist point of view. A number of theoretical frameworks refer to community currencies – Bennholdt-Thomsen and Mies (1997) touch the issue in their plea for a “subsistence economy”. Elsen (1998, p. 148), briefly mentions it in her vision of the “Gemeinwesenökonomie”³ (community economy), a concept which provides orientation in particular for social workers. These are just a few examples; for a comprehensive picture cf. the general survey of community currency literature by Schröder, 2004a, a table in the appendix provides an overview of empirical studies.

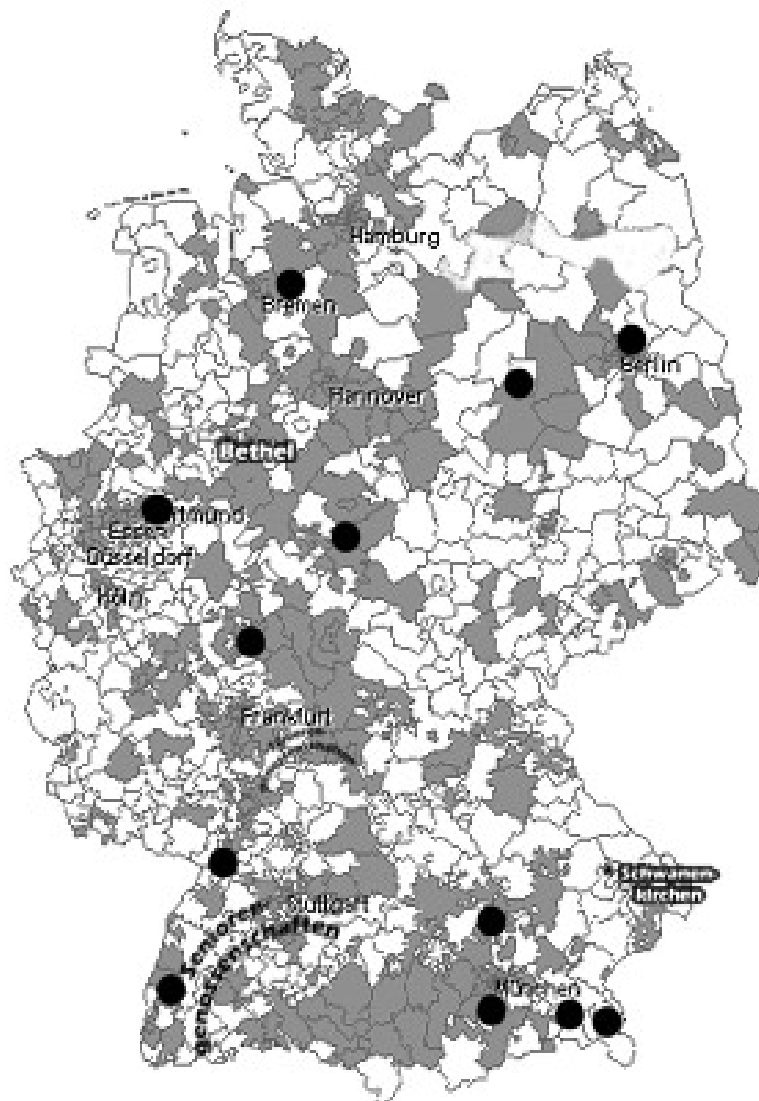
In sum, research in Germany over the last years produced a number of significant contributions. Of course, what has been done so far can only be considered as a starting point. Mainstream regional research, for instance, largely ignored the potential of alternative currency systems (the only exception is a short article by Stransfels, 2001). The major problem, however, is the lack of an infrastructure with conferences and specific journals, a structure that facilitates international contacts and bridges the gap between theory and practice. The various authors are rather disconnected. Sometimes one might get the impression that some of them

just make use of the new exchange systems in order to feed their theoretical models. Hardly any scientists are continuously active in this field. The incapability of the established academic sector to create forums leaves a vacuum, which is being filled by alternative monetarists with their sometimes rather one-sided truths.

8. Conclusion

In Germany a large variety of very different trade and exchange systems can be found. It has not been the purpose of this paper to provide a detailed analysis of these systems. The author rather tried to show how necessary it is to understand such systems in their specific social context. Their definition as “finite systems” – presented in the introduction – might also be applied to draw a line between them. Certainly, they are “alternative money”, but they are not only “alternative money”. “Diversity” may be considered as a guideline for the operation of a small Tauschring. “Diversity” should also be acknowledged as a guiding principle for the understanding of trade and exchange systems and thus for the development of research programs about these fascinating institutions.

APPENDIX - Location of Community Currencies in Germany



● Regiogelder – confer www.regiogeld.de (30-04-05).

■ Tauschringe – Database: The first three digits of the ZIP-Code of Tauschring addresses (Adressverzeichnis, 2005, Adressliste, 2005, information collected by the author). In respects of large cities the entire urban area is generally indicated as Tauschring zone, some very large rural areas with very small Tauschringe have been manually corrected. In view of the non-availability of other sources this may be considered as an approximation to the geographical distribution of Tauschringe in Germany.

Bethel – Only the headquarter near Bielefeld is indicated, not the branches in other parts of the country.

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