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# **COMMUNITY EXCHANGE AND TRADING SYSTEMS IN GERMANY**

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## COMMUNITY EXCHANGE AND TRADING SYSTEMS IN GERMANY

### **Abstract**

The article offers an overview of local and regional exchange systems in Germany. Historic as well as present-day systems are considered. They are analysed within the context of their social environment. The paper also provides an introduction to the German literature about these systems. It will be demonstrated that practical and theoretical developments are closely interlinked.

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## COMMUNITY EXCHANGE AND TRADING SYSTEMS IN GERMANY

### INTRODUCTION

"Zeit ist die Währung" ("Time is the Currency"), "Eine neue Hilfe auf Gegenseitigkeit" ("A new form of mutual aid"), "Leckerer 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 twelve years in particular the label "Tauschring" 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 types of local or regional exchange systems. Also included are little known trading arrangements such as the "Bethel-Euro" that has been used in a psychiatric clinic for almost one hundred years. The analysis commences with a representation of those historic systems, which developed in times of economic crisis around the year 1930 and after the Second World War.

In this context the question of a definition of local exchange systems has to be raised. Are they 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 these 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 author of this paper suggested the term "finite system" to describe the fact that they operate within certain boundaries (Schroeder, 2002). 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 everything. In order to understand the specific characteristics of a system it is necessary to consider the objectives of its members and 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 only in the German language. The table of references includes many unpublished sources.

## **HISTORIC EXPERIMENTS**

### **Schwanenkirchen and other WÄRA initiatives (1929 – 1931)**

Much of the inspiration for the development of community currencies comes from Silvio Gesell and his "Freiwirtschaftslehre" (Free Economics). It should, however, not be forgotten that this author did not have in mind systems such as those defined above. He was not interested in the regional dimension 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 demonstration of an alternative to the established financial system. After years of preparation Hans Timm and Helmut Rödiger founded the WÄRA exchange society in October 1929. The term WÄRA is an amalgamation of the words "Ware" (goods) and "Währung" (currency). The organization issued scrip currency against payment of Reichsmark or other securities. After two years, more than thousand shops in many 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 with a severe 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 Gesell's 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" (sometimes translated with the term "demurrage" – cf. for instance Greco, 2001, p. 62f) 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 change 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 neighbouring 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.

### **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 services produced in these alternative plants in return for the time credits they had received for their work. This model was applied also in other parts of the country. The "Ausgleichskassen" in Rendsburg and the "Arbeitsgemeinschaft Oberschlesien" in Oppeln also used accounts to balance contributions and remunerations.

### **Barter-Centres, Tauschzentralen 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 cover 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 also lost its importance because the rationing system worked via coupons. On the black market, cigarettes were used as a substitute currency.

In the summer of 1945 the administration controlled by the occupying forces began to establish so-called "Barter-Centres" and "Tauschringe" as a legal alternative to the black market. Usually these centres were former retail shops. Clients could bring their goods, these were appraised in terms of Reichsmarks 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-Centre charged a fee for the service. These institutions existed in many parts of Germany. Different variations of the system developed. In some cases the Barter-Centre (sometimes also called Tauschzentrale) did not act as multi-lateral exchange systems but as buyer or seller or they took the goods on a commission basis. The efficiency was enhanced by the formation of so-called "Tauschringe", associations of Barter Centres. A customer could take his or her credit slip and go shopping in a number of Barter Centres 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). Compared to the black market they were of minor importance. They were, however, the most important community currencies ever to exist in Germany. The rather short article by Schneider reflects 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 this region's schemes. By then more than 2.1 million transactions worth more than 8.6 million Reichsmark had been recorded (Schneider, 1996, p. 136 quotes Stadtarchiv Esslingen (W. Nitsche) (1947) Denkschrift: 2 Jahre Tauschring, Stuttgart, p. 6f.). The schemes ceased to exist in 1948 when the currency reform ended the period of extreme misery.

### **Germany until 1989 – roots for present-day systems**

Continuous prosperity in Western Germany left no space for the development of economic experiments. It is, however, worth mentioning the very small group of adherents to 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 of taking off; the courts declared it 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. But this “conceptual ‘tuttifrutti’” (Huber, 1993, 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 in a German publication 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 also had 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). In this period the heritage of Gesell, the “Freiwirtschaftslehre”, was also 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” (Buying and Selling 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 an advertising paper, but the actual exchange never really got off the ground.

In addition to these rather pragmatic approaches the vision of an economy beyond market and state was also kept alive. In November 1989 the magazine “Contraste” published a scenario for the year 2029 (Flor, 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 a time limit also had to be observed – the surplus of credits and debits at the end of the year would become payable in ordinary currency and subject to the taxation rules of the traditional economy.

At the end of the eighties such “alternative” ideas were not en vogue any more. 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.

### **THE “BETHEL EURO” – A COMMUNITY CURRENCY IN PSYCHIATRY**

The system described in this chapter was founded in 1908 and it still exists today. Bethel is a psychiatric 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 in the early years, built up a colony with horticulture, workshops, warehouses and shops. Labour 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-Marks.

Because of its close link to the Reichsmark the Bethel money was exposed to the turbulences of the major economy. In November 1923 vouchers with a value of 50, 100 and even 500 Billion Marks 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 made "emergency money" illegal 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). Internal currencies were also used in other psychiatric institutions like Warstein. But only the system from Bethel has survived to the present day. 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-Marks (Korn, 1998, p. 99). In 2002 the parity was adapted to the Euro currency (Ilgenfritz, 2002). Nowadays, the "Bethel-Euro" no longer plays a central role for Bethel's productive sector.

## **TRADE AND EXCHANGE IN THE NEIGHBOURHOOD**

### **Senioren-genossenschaften**

In 1990 the first "Senioren-genossenschaften" (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. The American 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" (or Friendly Societies) and not cooperatives.

Senioren-genossenschaften 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 have in social work with senior citizens (see for instance Schmidt, 1995, also Otto, 1995). Practical issues are discussed 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 Senioren-genossenschaft Ulm-Wiblingen had accumulated 6.000 points; i.e. 3.000 hours, in the first year since its foundation in 1994. 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. It is, therefore, difficult to appraise how much exchange activity is going on in the (approximately) 30 to 50 Senioren-genossenschaften in Germany. Some of them abandoned the recording of time points completely (e.g. the



Seniorenengenossenschaft of Göttingen in Northern Germany), others focus on voluntary work, where participants have the option to receive a small remuneration either in Euro currency or in time credits (Martin refers to the Seniorenengenossenschaft Riedlingen, 2005, p. 17). As trade and exchange systems the Seniorenengenossenschaften are of minor importance today.

### **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 (cf. Baukhage and Wendl, 1998, pp. 43f). Somehow, the "idea was in the air". Also in 1993, the newsmagazine "Der Spiegel" published a first article about the large number of LETS founded in Britain. 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). In 1992 the Group "IFP Lokale Ökonomie" presented a collection of material about LETS in German.

The adherents of Gesell had put their efforts into a cash project, the "Knochengeld", ("bone money") in Prentzlauer Berg, a quarter of Eastern Berlin. This was more a kind of a demonstration. Prominent Artists had designed the "banknotes", which certainly helped to generate a lot of publicity (Onken, 1994). Already in 1992 a fiduciary (fiat) money project, "döMak", was launched in an event centre in Halle. (cf. Baukhage and Wendl, 1998, pp. 51-63 and Greco, 2001, pp. 106f). Today the system does not exist any more. A book published by Kennedy in 1992 also contributed to spread the news about LETS (pp. 189-195; cf. in this context also Estermann, 1994).

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 about 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 facilitate the exchange of material goods too - 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. In some exceptional cases paid professionals run the organization, but usually this work is done on a voluntary basis. Unfortunately, there is no up-to-date nation-wide 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 400 Tauschringe. In the very recent past this total number has increased, but, all in all, the level had been reached already at the turn of the century with more than 300 systems (cf. Pierret, 1999).

The number of members range from around 20 to more than 300. Based on the information of 254 Tauschringe average membership is 81 (Bundesweite Tauschring-Adressenliste, 2005). The Tauschringe that are not included in this database are supposed to be smaller. All in all, it can be estimated that the aggregate membership in the German Tauschringe lies between 24.000 and 30.000 participants. In most organizations many members are rather inactive, they do hardly any trading and/or their participation at social events is minimal. Turnover is rather low. The Talente Tauschring Hannover, for instance, recorded 31.634 Talente in 2004. That corresponds to about 1.845 hours (1 hour corresponds usually to an amount that lies between 15 and 20 Talente) or 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). 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.

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 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 use a central accounting system. A peculiarity is the decentral device developed in Halle. Every member has a logbook where the plus or minus value of a transaction is recorded (cf. also Greco, 2001, p. 106f). Only a few Tauschringe have adopted this model. For accounting as well as other administrative functions specific software packages are available. The most popular programme “Tauschtausch” even allows charging the (above-mentioned) “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 behaviour. At present, some programmers are working on a new generation of tools, which allows online access to the data.

There is hardly any 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% on the basis of a sample of six Tauschringe, Schroeder, 2002, states that 62% of the members of the Talente Tauschring Hannover are women.) Three or four exchange-rings exist exclusively for women. This, however, is atypical; usually they are open to people from all parts of society. Meier (2001, p. 207) confirms in her empirical analysis that members from all sections of 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 probably contributes to the attractiveness of these forums. Schmidt, Wagner and Koch emphasised 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 remain Tauschring members. The author of this article supposes that the German tradition of setting up social clubs (“Vereine”) is of some importance for the Tauschringe (Schroeder, 2002). Although these organizations distinguish themselves from traditional German clubs

(as stressed by Deschle, 2001, p. 184), customary patterns of social behaviour might explain why, for instance, people are prepared to do organizational work. Unfortunately, there is no empirical information about the motivation of the approximately 2000 people in Germany who do continuous administrative work for a Tauschring. The driving force behind these efforts is sometimes 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 Tauschrings appears to be a bit crude, but the three spheres may be considered as the coordinates, which help to describe the characteristic of a specific organization.

The Tauschring Freiburg tried to become more performance oriented by integrating 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", an economy for the public weal (Sikora and Hoffmann, 2001; see in this context also Birkhölzer, 2004, and Saiger, 1998). This approach was opposed by a majority of activists who felt that the character of the exchange-rings as unconstricted social experiments would be impaired.

A small niche – this characterizes the position of the exchange-rings within the legal framework. (For an early comment cf. Brandenstein et al. (1997). 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). Lehmann (2000) argues in favor of legislation, which specifically acknowledges the Tauschring.) 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 a period of more than ten years there have been hardly any cases where the Tauschring have been drawn into legal disputes. However, for Tauschring activists organizing activities in the uncertain environment of a jungle of regulations remains a problem. 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.

Perhaps even more important than the external are the internal consequences of the rather informal legal status of the Tauschring. Whereas many of them claim to practise a grassroots democracy (Bundesweite Tauschring-Adressenliste, 2005, column "Entscheidungsstruktur") the social structure is often organized in a very hierarchical manner. Obviously, the motivation to do Tauschring work may not be the same in a team of organizers. Due to the fact that the organization of a Tauschring requires a lot of work, activists are in strong position. The majority of Tauschring members are reluctant to deal with intricate legal or political problems. After the evaporation of the high expectations of the early period, this passive attitude has become even more predominant in recent years. Many of the challenges the exchange-rings 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. So far, this has not resulted in major breakdowns (for Australia cf. Jackson, 1997), but to cope with this problem might be the major challenge for the Tauschringe in Germany.

The broad range of perspectives is also a major reason for the failure to establish a federal association of German Tauschringe. Nevertheless, over the years it has been 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 about 100 other exchange-rings in the country.

### OTHER APPROACHES

The success of the Tauschringe has led to a number of developments at the fringe of this movement. In the following some examples are described:

- There are more discussions about the basic meaning of barter and 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. In this context the "Gratis-Tauschringe" may be mentioned – informal support networks without any settlement mechanism (Cantzen, 2006).
- The issue "barter" is becoming 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 neighbourhood 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. In contrast to other virtual platforms (like [www.bambali.net](http://www.bambali.net)) it is restricted to one product. A registered user can buy a book against a virtual currency, which can be earned by the sale of books. Access to the system is free. More facilities of this type followed the example of "Buchticket.de" (Schönert, 2006). 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 initiated a discussion whether barter facilities could be applied in traditional institutions. Hagenhoff (2003) considers such systems as a means to facilitate the exchange of resources among universities.

### REGIOGELDER

When it became clear that the Tauschringe would not move far beyond the narrow boundaries of private trade, 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, 2005.)

The first regional currency was the “Bremer Roland” founded in 2001. At the beginning of 2006 thirteen of these systems exist, others are supposed to follow. In particular, the “Chiemgauer” has received a lot of media attention. It is the only Regiogeld, which has 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 do 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 an “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 businesses and charities participated in the scheme; businesses reported an annual 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 as 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 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 fiduciary (fiat) 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 urgent if such a system comprised further elements as proposed by Kennedy and Lietaer. Beside a bonus system, they envisage a financing facility and a business-to-business exchange ring as components of a fully-fledged “Regional Money”. (Kennedy and Lietaer, 2004, p. 103).

In the short-term it might be possible to secure public funding for some pilot projects, in the long-term, however, it will be quite challenging to show that these costs are not solely to be borne by the regional businesses which participate in the system. 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. This will imply that the focus is less on the involvement of the retail sector but on local production in general. It will be necessary to demonstrate in a systematic way that it makes sense to create economic links on the regional

level between those who offer goods and services usually produced in a relatively labour-intensive manner. It would be a logical consequence to apply beneficial fiscal rules to those who incur the disadvantages of trading within the boundaries of a regional system (cf. Schröder, 2004).

### **THEORETICAL ASPECTS OF COMMUNITY CURRENCIES.**

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 scientists simply turn 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). Paul's article is part of a reader edited by Becker that represents one of the rare examples of a controversial discussion of the Lietaer approach (see for instance the contribution by Priddat, 2003). Peacock (2003, p. 93) complains that analyses of the economic structures of LETS can hardly be found.

Discussions where 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. In particular the Tauschringe have been investigated by social scientists from different academic disciplines and with different political or ideological backgrounds. In contrast to other countries there are relatively few contributions from left-wing writers. 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, 2000). Kristof et al. analysed in how far these organizations fulfil criteria of sustainability. Hertzfeldt (2001), for instance, studied exchange rings from a feminist point of view. Bode (2005) analyses the potential of community currencies from a "regional studies" point of view. (For a general survey of community currency literature cf. 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. 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. Only a few of the academic authors are continuously active in this field.

### **CONCLUSION**

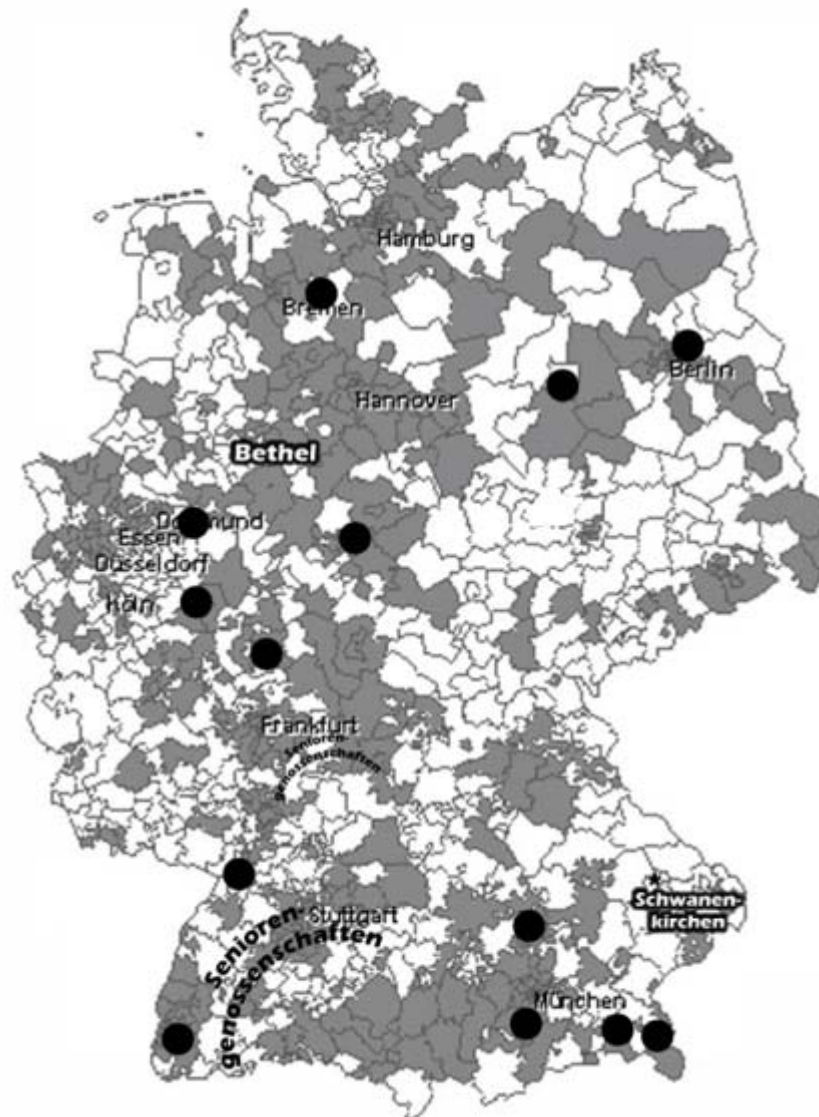
In Germany a large variety of very different trade and exchange systems can be found. It has not been the purpose of this paper to provide a detailed analysis of these systems. Rather, the author has tried to show how necessary it is to understand such systems in their specific social context. They may be understood as "finite systems" (Schroeder, 2002), a definition which applies (among the other aspects mentioned in the introduction) to the fact that they are distinct from each other and cannot be amalgamated into "alternative money networks". "Diversity" may be considered as a guideline for the operation of a small Tauschring.

"Diversity" should also be acknowledged as a golden rule for the understanding of trade and exchange systems. Furthermore, it should become the guiding principle for the development of the research programs about these fascinating institutions. This will provide the necessary basis for the development of new forms of trade and exchange systems.

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\* "Tausch" or "tauschen" means (to) barter. As in other languages there is a close etymological relationship to "deception" ("Täuschung"). It may as well be translated with "exchange". In this paper the term "exchange-ring" is used as a synonym for "Tauschring".

## APPENDIX - Location of Community Currencies in Germany



**Tauschringe** – Database: The first three digits of the ZIP-Code of Tauschring addresses (Sources: Adressliste der Tauschsysteme, 2005, Bundesweite Tauschring-Adressenliste, 2005, information collected by the author). In respects of large cities the entire urban area is generally indicated as Tauschring zone.

**Regiogeld** – Source: [www.regiogeld.de](http://www.regiogeld.de)

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

**Seniorengenossenschaften** – Only major regions are indicated.



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