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## RETHINKING THE SIGNIFICANCE OF REGIONAL CURRENCIES: THE CASE OF THE CHIEMGAUER

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### ABSTRACT

The target of our analysis is the Chiemgauer, a German regional currency. This paper discusses notable aspects of Rudolf Steiner's theory of money that have not yet been discussed widely in the research on regional currencies. The objectives and structure of the Chiemgauer is examined in Section 3. Following Steiner's views on currency, Section 4 considers the merits and demerits for consumers, stores, and groups such as nonprofit organizations that are the recipients of its benefits and then revisits the significance of regional currencies. This paper makes a distinctive academic contribution by clarifying the new significance taken on by regional currencies based on Steiner's discussions, particularly those on gifting.

The first distinctive system design characteristic of the Chiemgauer is its relevance in the gifting process, even for those with few assets. Second, the Chiemgauer makes it easy to make voluntary gifting. Third, a system designed so that the ones actually giving the gifts are stores, and not consumers, enables the direct usage of the economic value created by the currency's lending characteristics through the currency's gifting characteristics. Skillfully incorporating gifting into the currency's design makes it easier to ensure qualitative development in the region. The Chiemgauer incorporates the above ideas that go beyond increasing the velocity of currency circulation (Gesell's idea of currency demurrage).

### KEYWORDS

Chiemgauer, R. Steiner, Three Functions of Money, Aging of Money, Gifting, Qualitative Development

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## 1. INTRODUCTION

The labor certificates introduced in Wörgl in 1932 and the Sardex, currently spreading rapidly in Italy, are typical of regional currencies; they do not function as legal currency and are readily accepted in regions with rising unemployment because of a poor economy. However, unemployment around Lake Chiemsee, near Munich, is low, depriving the Chiemgauer of favorable conditions for its spread. Despite this, the number of stores and farms that accept the Chiemgauer (hereafter referred to as “stores”) grew from 100 in 2003 to 561 in 2015, with consumers growing from 130 to 3,100. The volume of transactions on Euro-Chiemgauer exchanges increased from 68,286 to 2,363,590 Euros in the same period, and they continue to grow (Chiemgauer website). This paper examines the Chiemgauer as an important case of a regional currency accepted in a region where the issues of legal currencies are not prevalent.

Discussions on complementary currencies are making progress in Europe because of the influence of Bernard Lietaer’s works (Lietaer 1999; Lietaer et al. 2012). In other words, the idea is that legal currencies can be viewed as positive (yang); regional currencies complementary to legal currencies can be seen as negative (yin); and multiple currencies can be used to achieve a sustainable society. The Chiemgauer, a regional currency used in Germany and the subject of this paper’s analysis, is one such complementary currency <sup>i</sup>.

The most distinctive characteristic of the Chiemgauer from an institutional perspective is its use of negative interest rates. The labor certificates of Wörgl, which drew on the thinking of Silvio Gesell, are a famous example of a currency with demurrage. While Chiemgauer is undoubtedly inspired by Gesell, the more essential aspects of system design are infused with Rudolf Steiner’s ideas <sup>ii</sup>. In 2003, Christian Gelleri, the central figure behind the creation of the Chiemgauer, wrote, “Steiner also points out that ensuring the circulation of money alone is not sufficient, but that a holistic concept of money must be developed. For him, the gift of money is the key to spiritual innovation. Education, in particular, is dependent on gifts, which can ultimately only come about through economic life. The Chiemgauer-regional-Team has built such a gifting component into the system without the consumer having to pay more” (Gelleri 2003, p.432).

If the Chiemgauer incorporates only Gesell’s thinking, there is no reason for it to expand in the area around Munich, where a legal currency is in use. The author believes that the Chiemgauer has succeeded because Steiner’s thinking was incorporated into the Chiemgauer’s design.

This paper outlines notable aspects of Steiner’s theory of money that have not been discussed widely in the research on regional currencies (Section 2). It then examines the objectives and structure of the Chiemgauer in Section 3. Following Steiner’s views on money, Section 4 considers the merits and demerits for consumers, stores, and groups such as nonprofit organizations (NPOs) that are recipients of potential benefits and then revisits the significance of regional currencies. This paper makes an important academic contribution by clarifying the new significance of regional currencies based on Steiner’s discussions (particularly on gifting).

## 2. STEINER’S THEORY OF MONEY

### 2.1 Three Functions of Money

Steiner’s principal insight regarding money was the idea that it is used for the varied functions of exchange, lending, and gifting depending on the situation. Steiner emphasizes the importance of consciously recognizing the different functions of money when we use it. He explains as follows: “As exchange money, money is given a certain value. As gifting money, money will be deprived of all of the value it had as exchange money. Lending money exists in-between the two forms of money, making the transfer. Lending money will eventually be used up as gifting money.” (Steiner 1996, p.177).

The exchange function of money (i.e., exchange money or purchase money) comes into play when people buy things out of necessity. According to Steiner, this function simply facilitates exchange and does not create any sort of new value in society, unlike the case of lending money or gifting money. With money acting as an agent, commodity trading becomes much easier compared to a barter system. In the economic process as a whole, however, this function of exchange is not a source of new value creation (i.e., economic value or spiritual values, which are discussed later).

This function of exchange enables people to buy things in exchange for money; in other words, it directly or indirectly affects human beings and the environment (Mees 1991, pp.4-5). As globalization and the division of labor progress, covering up the effect of market mediation, it becomes more difficult to observe individual activities. Furthermore, purchasing, for example, products that have become cheaper because of the exploitation of humans or the environment (e.g., coffee beans and bananas cultivated in plantations) can result in the acceptance of such exploitative behavior. Conversely, purchasing products that are made with ethical considerations for humans and the environment (e.g., fair-trade products and organic agricultural products) will support considerate behavior. Although the exchange function does not create new values, it works to discourage or promote past behaviors.

The lending function comes into play when people lend money to others (i.e., lending money or loan money). In Japan, money that will not be used for some time is deposited in banks, and it is lent out entirely on the basis of the bank's decisions. Many people are not conscious of this, but the money deposited in banks does not wait there until someone withdraws it. It is lent out to various businesses, including ones that are not beneficial to humans and the environment; thus, bank mediation results in a covering-up effect. The main profits of ordinary commercial banks arise from the difference (i.e., profit margins) of interest rates on loans and deposits (i.e., borrowing). Therefore, with consideration of the risk of not being able to recover a loan, banks aim to also maximize their profits; in the case of banks whose ownership is determined by shares, the shareholders affect their decisions. When loans are being made, there is no consideration for whether they are extended to businesses that are beneficial to humanity and society. The main interest of the depositors, in general, also lies in increasing their own interest gains. This creates a structure where neither the depositor nor the bank is responsible to other people and the wider society.

Steiner did not see this lending function as a negative quality; rather, he focused on the positive aspects of the lending function. According to Steiner, the arrival of money created the possibility of capital formation by enabling people with money to invest and by creating the possibility of securing capital for people who had nothing but "talent" that creates economic value (Steiner 1996, p.59).

In a healthy economy, when people with poor ability to create economic value have money, the money flows toward the talented, which is caused by the difference in people's aptitudes (Steiner 1996, pp.60-61). The borrower returns the principal with interest, which is paid from a part of the new economic value created (Mees 1991, p.24). In the economic process as a whole, Steiner thinks that money's lending function allows the creation of new economic value; that is, it is the source of gifting money at the same time. Therefore, banks are seen as institutions that help create new economic value, which is equated to gifting money.

The gifting function comes into play when money is given to others (i.e., gifting money). While for the giver the gifting function opposes the exchange function, the receiver uses the exchange function of money to fulfill his/her necessities.

Gifting is based on free will, and nothing is sought in return. This frees the receiver from economic restrictions, enabling them to participate in various spiritual activities (e.g., education, art, culture, and religion).

According to Steiner, this gifting function is essential in creating new social value because it allows people to engage in new activities freed from past obligations. Steiner says that people who live free-spirited lives are mere consumers of the past; however, they are very productive for the future, albeit indirectly. Free-spirited people use their talents to help create a better society (including its economic aspects) by providing others with spirit and more flexible ways of thinking (Steiner 1996, pp.86-87).

This does not mean that gifting that is not based on free will is unnecessary, as in the case of reallocation of wealth by taxation, for example. However, because this takes place through the government, there is the issue of the non-transparency of the decision-making process pertaining to where the gifted money goes (i.e., where subsidies are given and the covering-up effect of government mediation). Therefore, this has created a problem for the government with regard to ensuring more subsidies to schools that provide better education (Mees 1991, p.3). Furthermore, when the giver attempts to decide the ways in which the money is used in advance, gifting involves more restrictions. For example, when parents tell their children that they will pay their school fees only if they choose to become a doctor, the parents are trying to fulfill their own wishes through gifting. This is "deceitful gifting" and is closer to the exchange function rather than the gifting function (Valdinoci 2012, pp.20-21).

Moreover, the unique significance of gifting has been diminished by people trying to examine it using the lens of exchange (Vaughan 2011, pp.12-19). The act of parents giving money to their child includes an element of not asking

for anything in return. Therefore, this gifting should be regarded as voluntary, although only partially so. Nonetheless, some have considered this act as an investment toward profits returned to parents by their child in the future, a duty in the give-and-take relationship or a way to cumulate symbolic capital beyond logic and economic interests (i.e., to buffer one's own reputation and eminence). These cases can hardly be regarded as voluntary gifting based on free will.

Steiner focused on voluntary gifting. He insisted that the more the gifting is based on free will and the lesser anything is asked in return, the more beneficial it will be for society as a whole. Steiner's biggest achievement may have been the fact that he looked at gifting from the perspective of it being beneficial to society rather than questioning whether voluntary gifting existed at all.

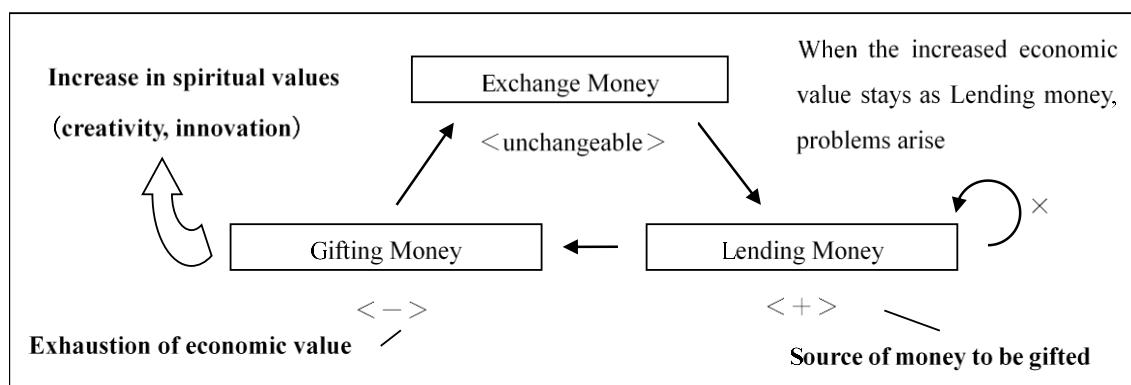
Apart from encouraging creativity in society, the gifting function has another important role: to use up newly created economic value. Steiner points out that even if new economic value is created through the lending function, if it just circulates within the area of lending, the economic process will be interfered with. For example, we can think of a situation in which speculative money flows into properties and shares (e.g., the bubble economy before Lehman Brothers collapsed). As people increasingly attempt to increase the value of their own assets, the resulting detrimental effects will also increase.

To prevent this, it is necessary to consciously use the gifting function because it uses up economic value while depriving money of authority and also brings creativity into society through innovation. When money circulates in this way, economic processes function in a healthy manner (Figure 1).

According to Steiner's vision of social development, economic processes must not be aimed solely at unlimited economic growth. His ultimate goal was not to increase the lending of money so as to increase economic value rapidly. In his view, lending money is necessary insofar as it becomes the source of gifting money; further, an overabundance of lending money in society also creates a problem.

Using Steiner's expression, money is just like blood. When it clogs at one place and that part swells up without money. In a healthy economy, the economic value added through lending is used up by gifting; thus, economic value will not fluctuate by and large. Instead, the people who have received gifts, as a result of the circulation of money, will provide products and services to enrich society albeit in a non-economical manner.

Figure 1. Change in money forms in a healthy economy and the increase and decrease of economic value Source: Created by the author. Note: The figures in < > indicate the increase/decrease of economic value.



The image of social development associated with Steiner's thoughts on money is that of a society that is enriched in terms of education, culture, art, etc. as a result of increase in economic value (i.e., the society is enriched by an increase in spiritual values). In such a society, unlike the trend in contemporary society, people are not judged by the amount of money they are capable of making. Those who are talented at creating economic value focus on using their abilities to the maximum, while those who have a talent for spiritual activities can focus on maximizing their talents in their own fields. What matters here is not who is superior but whether each individual is able to utilize his/her own abilities to the fullest. Money, thus, becomes an important tool for each individual to exercise his/her abilities.

## 2.2 Aging of Money

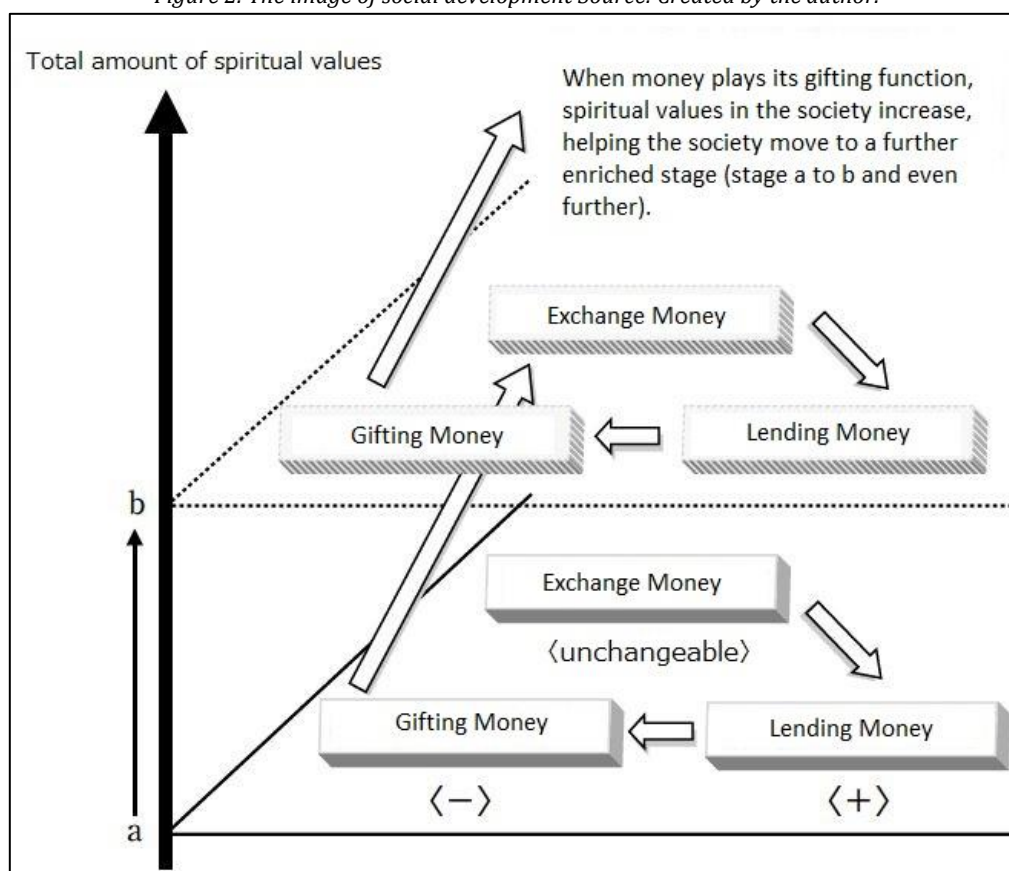
As is the case with human beings, anything that lives will eventually disappear after being created. Even industrial products deteriorate with time. However, money never dies; instead, it only appears to grow.

The idea of ensuring the continuous growth of the scale of our economic activity every year is deeply rooted in our culture. We believe that everything is well as long as economic activity is growing and that something bad will happen when it stops growing or shows negative figures. Originally, economic activity mainly dealt with agricultural and industrial products, both of which deteriorate eventually. As is clearly seen in human life, anything that is alive cannot continue to grow forever. However, when products are exchanged for money, when money is being saved, or when money itself is treated as a product, the economy is prevented from scaling down. Steiner and Rolf Kerler thought that it was unnatural for the scale of economic activity to continue to grow <sup>iii</sup>.

What we see today around the world is a situation where people search for new investment targets backed by egoism, and money gets accumulated in society without being able to disappear.

According to Kerler, looking back through history, humans had been aware of methods to prevent economic value from increasing excessively (Kerler 2014, pp.59-60). First, during times of inflation, when there is an oversupply of money in relation to the supply of products, the value of money itself is depreciated. Second, when a bubble economy triggered by real estate and share speculation bursts, it is a sudden loss of economic value accumulated in society as a whole. However, rapid inflation including hyperinflation or the bursting of a bubble economy is not ideal methods as they bring about an enormous degree of social turmoil. Third, during past times, Jewish people used the Jubilee Year (the year of amnesty) method, wherein amnesty was given to all debts incurred till that date. The Jubilee Year was established to help strengthen communal solidarity and to close the gaps of inequality between people. Steiner's proposal, however, is to consciously aging money and to let it die through the function of gifting (Figure 1).

Figure 2. The image of social development Source: Created by the author.



Note: The figures in < > indicate the increase/decrease of economic value.

When money's function moves from exchange toward lending, economic value starts to grow. This added economic value eventually disappears through the gifting function. The recipients of gifts will buy everyday goods with the given money, using its exchange function. To simplify this process, Figure 1 shows it as "exchange–lending–gifting–exchange," indicating that the economic value of money grows, dies, and goes back to where it originated. Looking at it from another perspective, exchanging relates to what was made in the past on the basis of one's talent; lending relates to what is currently being made on the basis of one's talent; and gifting relates to what will be made in the future on the basis of one's talent.

When this process is working well, the recipients of gifts will bring about innovation in society by exercising their abilities and helping humanity; thus, society progresses to higher levels. Charting this out, it looks as if the process of "exchange–lending–gifting–exchange" goes upward in a spiral (Figure 2).

Gifting is the most important part of this process as it is related to both the death and the birth of money. As already mentioned earlier, when the economy is forced to grow indefinitely, various problems occur. Steiner's idea is to have the image that initiate a life cycle for money and to consciously promote gifting so as to solve this problem<sup>iv</sup>.

### 3. CHIEMGAUER

The Chiemgauer is a German regional currency that was introduced in 2002. It has paper denominations of 1, 2, 5, 10, 20, and 50. An electronic currency, the eChiemgauer, was recently introduced by local banks. The currency is in use by approximately 500,000 people living within 50 kilometers of the Chiemsee area, which is about 80 kilometers from Munich.

#### 3.1 Concerns and Objectives

In a 2009 paper, Gelleri explored currency-related issues. According to Gelleri, in 2007, only 1.2% of foreign currency assets were required for international trade in goods and services while the remaining 98.8% was not being used for goods and services. Currency used for speculation is supplied in massive quantities by central banks.

The circulation velocity of currencies has continued to drop since the 1970s. To counteract this, the central banks of each country have increased the supply of currency, thinking that if, for example, circulation velocity dropped by 2%, economic activity could be maintained with a 2% increase in supply. However, the circulation velocity of currency continues to decline faster than the supply of currency. This is because the increase in currency supply is not for the real economy; it goes underground for use in speculation. Gelleri concluded that the real economy is currently being manipulated by the financial economy.

Another purpose for introducing the Chiemgauer was for raising funds to build a gymnasium at the Steiner school at which Gelleri worked. The school was disadvantaged in its receipt of subsidies from the national government and considered ways to raise continuous funds. The Chiemgauer was a regional currency that originated from a need for donations.

To deal with the issues of creating a currency, Gelleri created an administrative bureau within his school and asked students if they wanted to introduce a regional currency. Six students responded to his invitation and began work on the project to implement the Chiemgauer.

At first, the group discussed ideas and concepts and then began a market survey. They talked to people in stores, teachers, and their parents about their plan. The idea was to connect the school and local stores to work in collaboration. During discussions, it was discovered that they must provide benefits to each participating group. In other words, stores needed improving sales and schools needed fundraising and citizens needed the motivation of participation in the use of the regional currency.

#### 3.2 Structure of the Currency

In introducing a regional currency, the most important aspect is having a clear vision for matters like participant benefits, circulation range, convertibility to-and-from legal currency (and conversion fees, if allowed), interest rates, and sustainability of operations. Conversion fees must be set high. In the case of the Chiemgauer, fees amount to 5%, and only stores can make exchanges. Of that, 3% is donated to NPOs, and the rest goes to the cost of running the administrative office. If conversion fees are low, the regional currency would quickly be exchanged for legal

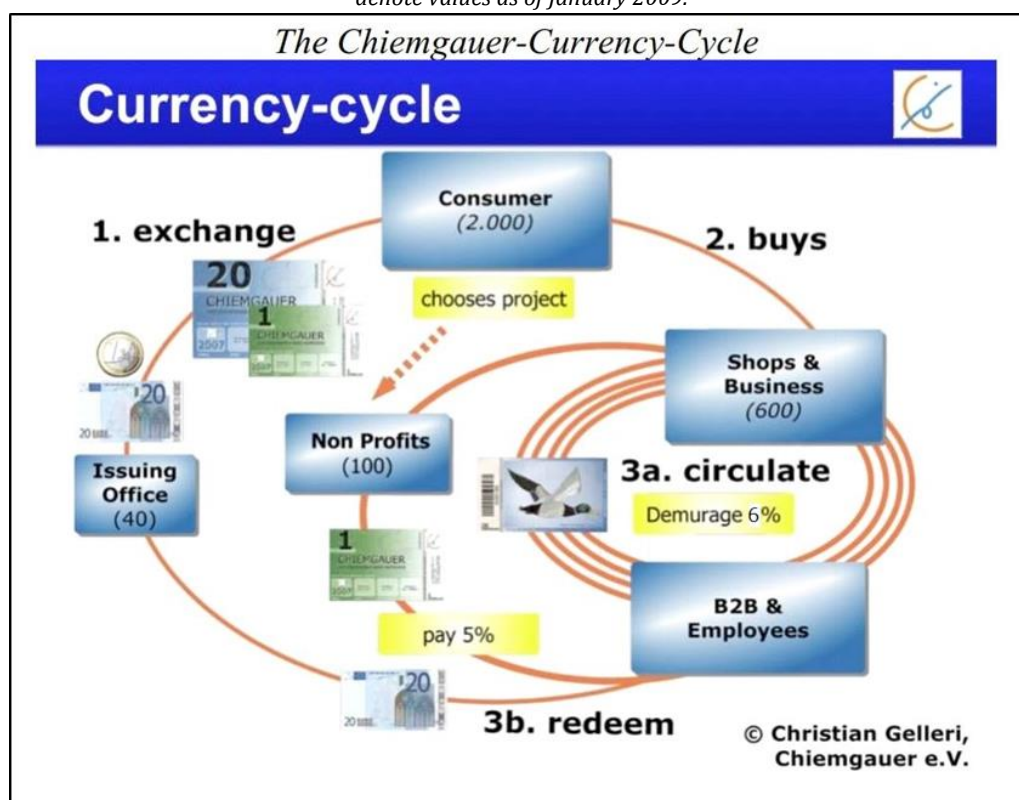
currencies, and the Chiemgauer would not circulate within the region. While conversion is possible, an appropriate level of cost is levied when allowing for exchange.

When exchanging a legal currency for a regional currency, there are no discounts (i.e., one Euro equals one Chiemgauer). However, those that exchange the Chiemgauer can donate 3% of the amount exchanged at a store to a local NPO of their choice (Figure 3).

The Chiemgauer was designed by Gelleri to increase circulation velocity without increasing currency supply. In other words, borrowing the idea of currency demurrage, the currency was designed for demurrage of 2% quarterly (currently two times per year); the annual rate was initially 8%, but it is now 6%, with stamp fees going to administrative expenses, including currency issuance expenses. Because the currency loses value over time, it is not used for hoarding or speculation.

The introduction of the Chiemgauer has revitalized the regional economy, and the consumption of local agricultural goods has increased as a result. Local NPOs have also become more active. Local goods are used, and the burden on the environment is reduced. People have come to depend less on legal currency, with its many problems, across the board.

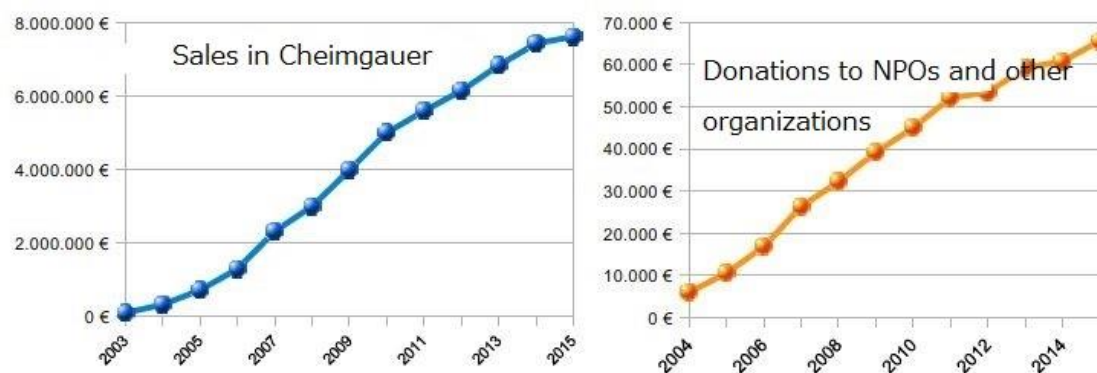
Figure 3. Structure of the Chiemgauer Source: Created by the author based on Gelleri's work (2009). Note: Figures in parentheses denote values as of January 2009.



Approximately 2,360,000 Chiemgauer were exchanged for Euros in 2015, and the sales of all stores was more than 7,600,000 Chiemgauer, with an increased figure of over 65,000 Chiemgauer donated to NPOs (Figure 4).



Figure 4. Sales in Chiemgauer and donations to NPOs and other organizations



Source: Created by the author based on the Chiemgauer website.

#### 4. SIGNIFICANCE FOR CONSUMERS, DONATION-RECEIVING ORGANIZATIONS, AND STORES

The previous sections examined Steiner's views on money and the structure of the Chiemgauer. In this section, the merits and demerits have been considered for the main agents that deal with the Chiemgauer, that is, consumers and organizations (i.e., those receiving donations and stores), with a particular focus on the element of gifting.

##### 4.1 Consumers

Regional currencies that are usable only in specific regions are not particularly convenient for consumers except at that point in time. In addition, the longer it is held, the Chiemgauer encounters demurrage. For the Chiemgauer to be broadly accepted, it had to have benefits for consumers.

One merit of the Chiemgauer is that it contributes to local economic activity. As will be noted in the section on stores, the Chiemgauer is advantageous to small stores in particular. In addition, because of currency demurrage, circulation velocity has increased to 4.33, versus 1.50 for the Euro in 2015 (Chiemgauer website). Using the Chiemgauer, a central bank can invigorate the regional economy without increasing the supply of currency, and the currency being used will at the very least not be directly employed for speculation. The Chiemgauer can be converted to Euros at stores with an additional fee of 5%; the fee is used for the community, bringing benefits to the region where the conversion is made. For consumers seeking to avoid their currency being used for speculation and desiring to contribute to the local real economy, the Chiemgauer has desirable characteristics.

Another benefit, which is related to gifting, is unique to the Chiemgauer compared to other regional currencies. When consumers exchange the Chiemgauer for Euros, they can specify a local NPO, to which 3% of the amount exchanged is donated. Furthermore, the cost of the donation is not borne by the consumer but rather by the store because it is paid by the store as a conversion fee. Consumers choose the organization to which they wish to donate, but the fact that they do not bear the financial burden of donations sets the Chiemgauer decidedly apart from legal currency.

Approximately 2,360,000 Euros worth of Chiemgauer were exchanged in 2015, of which approximately 2,270,000 were converted to Euros (Chiemgauer website). Based on that number, it can be seen that after being circulated a number of times, most Chiemgauer were converted to Euros. Thus, 3% of the amount consumers exchanged went to aid socially beneficial projects.

Unlike legal currency, the Chiemgauer was designed to be a currency with characteristics that allow for gifting within a particular system, although not for gifting in conventional forms. In other words, even individuals with few assets can easily become involved in the gifting process just by using Chiemgauer. In addition, the currency is structured in such a way that individuals giving gifts bear no burden, thus significantly weakening the authority that comes from gifting. This is extremely important when one considers the unit of the region and will be explained further in the following section. Because individuals choose where their donations must go, they are incentivized to find out about and take an interest in local NPOs and other organizations.

For consumers, the Chiemgauer is advantageous in that there is no possibility of them being conned into accepting it when using legal currency. Consumers simply exchange and use Chiemgauer when shopping locally, and there is no need for them to pay a stamp fee (i.e., holding tax) if they act rationally. While there are some demerits to using the currency, for instance, only being able to use it locally and the time involved in exchanging it, the use of the Chiemgauer contributes to the local economy and assists NPOs, making the system design greatly beneficial to the consumers.

## 4.2 Donation-Receiving Organizations

According to Steiner, NPOs and other local organizations that receive donations are extraordinarily important agents that have the capability to bring entirely new initiatives within their community (e.g., education, art, etc.). For these organizations, the Chiemgauer is superior, not simply because they receive donations because of its use. Because these organizations receive funding from donors with weakened authority and there are no limitations as to how funds must be used, they can accept funds unconditionally, practically as gifting money, in the form that Steiner thought was most useful for society overall. Thus, there is an increased likelihood that these donations will bring about creativity and innovation in society.

These organizations receive funds that might not have been available if only legal currencies flowed into them; thus, just as for consumers, the benefits of the Chiemgauer are substantial for the organizations that receive donations.

Donations are made to 200–250 organizations each year, including the Steiner school, soccer clubs, environmental protection groups, and the Chiemgauer administration bureau (Chiemgauer e.V. 2018).

## 4.3 Stores

While there are major benefits to using the Chiemgauer for consumers and organizations that receive donations, the value to stores, which pay a “holding tax,” appears to be low. Even if stores accept the Chiemgauer, the currency experiences demurrage of 6% annually, making it better to use the currency before the demurrage occurs. Thus, although the currency does have circulation velocity and invigorates the local economy, from the perspective of individual stores, the limited number of Chiemgauer payees and the demurrage of the currency are major demerits. The Chiemgauer’s acceptance and functioning depends on the stores that participate in its use.

Stores that accept the Chiemgauer have, since 2006, increased to approximately 600 in number. These include many types of stores, such as cafés, bakeries, natural foods stores, hotels, restaurants, farms, household goods shops, bike shops, furniture makers, sporting goods stores, electronics stores, real-estate agencies, etc. (Chiemgauer e.V. 2018). Based on the interviews conducted by the Chiemgauer Administrative Bureau on February 27, 2019, most participating stores are small, with two to three employees.

Let us consider the reasons why stores, primarily smaller ones, use the Chiemgauer. Corporate activities are generally thought to be undertaken to achieve profit. Assuming this to be the case, using the Chiemgauer rather than the Euro must increase profit. Gelleri explains using detailed figures that the circulation velocity of currency rises with sales, and profits ought to increase through the use of the Chiemgauer, even after subtracting currency demurrage (Gelleri 2005). However, do stores choose to use the Chiemgauer for increased profits?

The Chiemgauer experiences demurrage when hoarded. Conversion to the Euro is allowed; while individuals are not disadvantaged by not using all of their Chiemgauer within the region, a 5% fee is incurred during conversion. In other words, if an individual wants to invest currency earned within the region outside of it, he/she must be able to generate a profit that is greater than the exchange fee. Thus, the Chiemgauer is not a good fit for stores that want to expand outside of their area. Growth principles were clearly ignored in the Chiemgauer’s system design, in contrast with legal currencies that strive for ease of use for expansion-minded companies.

Because the Chiemgauer has demurrage and conversion fees, stores try to use it as much as possible. Gelleri observes eating and drinking establishments as well as small organic farmers benefit greatly from it. The Chiemgauer has provided opportunities for people who previously paid no attention to food-growing areas to find out about local foods, and as people choose local foods, even at somewhat higher costs, it is possible to reduce food travel distance. Thus, the principles of sustainability and regional circulation are fundamental to the Chiemgauer. It is not beneficial for stores looking to grow, but it is an important currency for stores that wish to have ongoing, stable operations in the region.

## 5. CONCLUSION

In the light of the discussion in Section 4, let us analyze how Steiner's thinking was incorporated into the design of the Chiemgauer. The most crucial point here is that the Chiemgauer was designed so that conversion fees (or money generated from the currency's demurrage) was channeled into gifting. I can therefore say that the Chiemgauer is a combination of Gesell's idea of currency demurrage and Steiner's ideas.

The first distinctive system design characteristic of the Chiemgauer is its relevance in the gifting process, even for those with few assets and those in a position to receive gifts (for example, students). This is possible because such gifts are paid with the conversion fees borne by the stores, although consumers designate the recipients. Steiner believed that while problems would crop up because less economic value would be used up by gifting than by increasing economic value, involving more consumers in the gifting process would be the first step to overcoming such problems. Moreover, choosing the recipient would give consumers an awareness of gifting. This strongly supports Steiner's idea that awareness of the Chiemgauer's currency characteristics, especially the currency's gifting characteristic, is essential.

Second, the Chiemgauer makes it easy to make voluntary gifting. This is possible because the system is designed so that the entity designating the recipient (the consumer) is different from the entity that pays the gift (the store). Usually, it is difficult for an entity that receives a gift to disregard the wishes (authority) of the giver. The Chiemgauer, however, avoids the manifestation of such authority, as the Chiemgauer creates a situation wherein NPOs and others can easily receive voluntary gifting that are considered most useful for society.

Third, a system designed so that the ones actually giving the gifts are stores, and not consumers, enables the direct usage of the economic value created by the currency's lending characteristics through the currency's gifting characteristics. Moreover, because the Chiemgauer was designed in a way that would benefit local eating and drinking establishments and small-scale organic farmers, the stores are in effect creating economic value by paying these gifts. Skillfully incorporating gifting into the currency's design makes it easier to ensure qualitative development in the region.

In summary, stores generate a certain level of profit through economic activities, a portion of which goes to Chiemgauer operations as stamp fees, and those fees are also used for gifting when currency conversions are made. In comparing practical outcomes to Steiner's views on money, it is observed that the Chiemgauer is a currency that grows through its lending characteristics but diminishes through its gifting characteristics and that it has a system design that enhances the quality of the region.

The Chiemgauer incorporates the above ideas that go beyond increasing the velocity of currency circulation. If this was not the case, as I stated at the beginning, use of the Chiemgauer would not have spread in the area near Munich. The new meaning of this regional currency sprang up from Steiner's views on money.

There is no doubt that modern currency systems have contributed to industrial progress. However, if we hope to pursue economic activities that take the environment and ecosystems into consideration, then social issues must not be addressed only with currencies that are advantageous to companies that solely prioritize profit and economic growth. In contrast to modern currency systems with centralized management designed for mass production that is advantageous to large firms, from a system design perspective, the Chiemgauer is a currency that has democratic management aimed toward qualitative development, sustainability, and smaller stores. With continuing urbanization and the decline of rural areas, regional revitalization is an important area of concern, but there is a need to think of regional development with priorities other than the pursuit of private profit or economic growth, and finding a currency to meet these concerns is desirable.

The Chiemgauer readily circulates regionally once it leaves a person's hands, and it cannot be used easily in ways that users do not approve of. In this way, it is much like a fair-trade product designed to control growth and protect the environment and ecosystems. It not only has a role in revitalizing slumping economies but also has shown that a currency designed by citizens themselves can be accepted by those in areas with healthy economies and can contribute to the qualitative development and sustainability of society.

Now in relation to currency design, though consumers determine where all their donations from the 3% exchange fees for Chiemgauer must go, a system can also be designed to give 2% to consumers and 1% to stores. In that way,

stores can use the donations for groups they personally support when making exchanges, thus perhaps making the adoption of the currency more worthwhile for the stores.

The aforementioned 1% can also be used to nurture regional industry. For example, if there are no breweries that accept Chiemgauer, currency will flow outside the region when a consumer tries to purchase beer, unless there is funding that could be used to develop a brewery. A brewery that accepts the Chiemgauer could lead to an increase in the local production of barley and hops. Using 1% of fees to support new businesses to enable consumers to purchase within the region rather than outside of it could make fee payment more meaningful for stores.

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## ENDNOTES

<sup>i</sup> In this paper, a local currency means a currency that circulates in a particular area that is relatively small (e.g., a single town), a regional currency means a currency that circulates in a wider area (e.g., several towns), and a community currency means a currency that circulates among people who share common interests or concerns without geographical limitations. At the same time, a complementary currency is based on its relationship with the legal currency and hence is used to complement the legal currency and bring about social and economic balance. By these definitions, the Chiemgauer can be considered a regional currency tied to the idea of a complementary currency.

<sup>ii</sup> Silvio Gesell, like Steiner, was aware of the problem that arises because of the value hoarding function of currency. Gesell thought that this function was the cause of interest and economic downturns and proposed the countermeasure of currency demurrage to ensure that holding on to currency meant a loss of value. The greatest difference between Gesell and Steiner was in their thought on capital. Steiner believed that the lending function of money was the source of gifting money, while Gesell thought that the exchange function played the biggest role on currency. Thus, Gesell's countermeasure has only been viewed from the perspective of maximizing the exchange function (Benedikter 2011, p.70).

<sup>iii</sup> Kerler is one of the founding members of GLS Bank and has long been involved in bank operations.

<sup>iv</sup> Chapter 14 of Steiner (1996) states, "The coins issued today will be stamped with the future year along with the effective date. Until that future date, money increases in value and decreases in value after that date." From this statement and a similar statement made in Chapter 12, it seems that Steiner's idea of an aging currency resembles Gesell's idea of currency demurrage. However, as is stated repeatedly in this chapter, an aging currency seems to be a conceptual image of Steiner. In other words, in this author's opinion, the value of a coin does not actually fluctuate but is a metaphor that conjures up an image of a currency's life cycle. Latrille explains an aging currency in the same way (Latrille 1985, pp.185-187), and during an interview, Kerler observed that he could not see any potential use for an aging currency in the literal sense of the term (Dohmen 2011, p.40). In addition, according to Suhr, while Gesell's idea of currency demurrage envisioned a fee to be levied by the authorities, Steiner's aging currency envisioned aging to occur "a natural way" (Suhr 1988, p.6).