

Germans take pride in local money

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The next time you venture out for lunch in Magdeburg, check what kind of loose change you have in your wallet.

Like any other city in Germany, the normal currency here is the euro. But bizarrely, they also have another currency in circulation: the "Urstromtaler".

Before you doubt its existence, it is not "Monopoly" money - it is very real. At a jewellery shop in the city centre, Gerfried Kliems explained how people use the regional currency.

"It's quite simple," he said. "The money you spend stays in the region. When I accept Urstromtaler in my shop, I then have to see how I can spend the local banknotes. You get to know everyone who's participating in this project, and at the end of the day, you have a good feeling about life."

More than 200 businesses are using the regional currency, including shops, bakeries, florists, restaurants. There is even a cinema which accepts Urstromtaler.

Local boost

Frank Jansky, a lawyer, launched the regional currency in Magdeburg. "We are fostering links with businesses in the whole region and through the contacts that we develop, we are supporting the domestic German market," he said.

"All the businesses have signed contracts, and it's official. We have our own banknotes and we have an issuing office in the city centre."

At the Urstromtaler "central bank" in Magdeburg, which is no larger than a small office, the banknotes are issued at a rate of 1:1 against the euro.

The banknotes have a time limit and lose value after a certain date, so people are encouraged to spend their money quickly.

Campaigners argue that the currency can help boost the local economy.

The unemployment rate in Magdeburg is about 20%, and like other areas in the former communist east, many young people have left to look for work elsewhere.

Dilapidated, run-down houses and old factories still dot the landscape, even though billions of euros' worth of subsidies have poured into the east since the fall of communism.

"Everyone who uses the regional currency develops a social network. People get to know each other," said Joerg Dahlke.

"It's also good for the environment, as you are not buying goods from big supermarket chains who import their goods. Instead you are buying products from regional producers," he said.

"The Bundesbank is keeping an eye on what we are doing - regional currencies are still in a legal grey area," said Frank Jansky

It is easy to dismiss the regional currency as a gimmick, but supporters take it very seriously.

"We are disillusioned with the euro, as it doesn't bring many benefits to the local community," said Joerg Dahlke. "But at the same time, we don't want to get rid of the euro completely.

"Our regional currency runs in parallel to the euro. Of course, we still need the euro for big purchases," he explained.

Residents can choose to pay one-third of their purchase in the local currency, and the rest in euros, or sometimes they can pay for their purchase entirely in Urstromtaler.

The phenomenon is not limited to the state of Saxony-Anhalt.

Social money

Regional currencies have sprung up all over Germany.

According to Professor Gerhard Roesl, author of a report commissioned by the Bundesbank, there are at least 16 regional currencies in Germany.

"The regional currencies are not really a threat to the Bundesbank, although technically they are illegal and could pose a problem. The Bundesbank tolerates the local currencies, which are regarded as a kind of 'social money'," said Mr Roesl.

Frank Jansky and representatives of other regional currency projects are lobbying the federal government to introduce a change in the law.

"The Bundesbank is keeping an eye on what we are doing. Regional currencies are still in a legal grey area. But there are other comparable financial schemes, like 'miles and more', which also pose a challenge to the status quo," said Mr Jansky.

"We are supporting our regional economy and culture, which will benefit future generations."

And in case anyone thinks it's an old-fashioned system, they have now launched an online banking system for the regional currency in Magdeburg.