

Germans Bid Farewell to the D-Mark

By Terry Martin

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If you have the strongest currency in Europe, why give it up? That niggling question continues to bother German consumers as they prepare to abandon their beloved Deutschmark. Opinion polls show that Germans prefer their own national currency to the euro by a margin of three to one. For them, swapping an icon of economic stability for something as speculative as the euro is intensely unappealing. It's like giving up a diet of schnitzel and beer for tofu and carrot juice.

However, with the euro soon to be the only item on the monetary menu, these practical folk are doing all they can to make its introduction a success. Tortured debates about the new currency's merits have given way to serious brainstorming about the most efficient way of putting the new coins and bills into circulation and getting the old ones out.

In terms of pure logistics, the switchover is proving an enormous challenge for Europe's largest economy. Germany's central bank, the Bundesbank, says 48 billion coins need to be taken out of circulation and replaced with 17 billion new ones. To visualize just how large this chunk of change is, imagine all the new coins stacked one on top of the other: it would create a column 13,000 miles high. As for the 4 billion new bank notes to be distributed in Germany, placed end-to-end they would stretch around the earth fourteen times. All of this cash has to be produced, assembled, counted, stored, guarded, transported, and distributed.

Fortunately, the Bundesbank approaches the task with some experience under its belt. During the run-up to German reunification in 1990, the Bundesbank had the job of implementing the currency union between the Federal Republic of (West) Germany and the (East) German Democratic Republic. Every wobbly East mark was successfully replaced with its coveted western counterpart.

Yet the scale of that undertaking pales in comparison to the one ahead. Getting all of Germany's legal tender swapped out will place tremendous strains on retailers and branch banks. Added personnel will be needed to handle the sheer volume of currency. While German financial institutions say they won't charge their customers to exchange "normal household amounts" of cash, they have hinted they might charge to convert larger sums. This issue has been a source of considerable controversy.

Already the German public has had quite a bit of practice performing calculations in euro currency units. For well more than a year, most bank statements have been issued in both national and euro denominations. Retail prices have been posted in marks and euros. In addition, people have been buying and selling shares on Frankfurt's stock market exclusively in euros.

On a political level, Chancellor Gerhard Schroder (like his predecessor Helmut Kohl) is throwing his full weight behind the euro project. He's eager to forge closer links with

Germany's European partners. The government in Berlin has launched a massive information campaign to assuage public misgivings and assure an orderly transition.

When currency union was being negotiated, Germans were never asked to express their opinion on the matter in a referendum. If they had been, the euro might have died on the drawing board. Political necessity, however, demanded otherwise. Now, for better or worse, people here have recognized the euro's inevitability. And having done that, they're eagerly lining up to watch the penny drop.

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