

May 2010

The Euro: Monopoly Money or Veritable Contender. The Effect of the Changeover on German Everyday Life

Albert Wimmer
University of Notre Dame

Follow this and additional works at: <http://docs.lib.purdue.edu/gbl>

Recommended Citation

Wimmer, Albert (2010) "The Euro: Monopoly Money or Veritable Contender. The Effect of the Changeover on German Everyday Life," *Global Business Languages*: Vol. 7 , Article 11.
Available at: <http://docs.lib.purdue.edu/gbl/vol7/iss1/11>

Copyright © 2010 by Purdue Research Foundation. Global Business Languages is produced by Purdue CIBER. <http://docs.lib.purdue.edu/gbl>

This is an Open Access journal. This means that it uses a funding model that does not charge readers or their institutions for access. Readers may freely read, download, copy, distribute, print, search, or link to the full texts of articles. This journal is covered under the [CC BY-NC-ND license](https://creativecommons.org/licenses/by-nc-nd/4.0/).

Albert Wimmer
University of Notre Dame

THE €: MONOPOLY MONEY OR VERITABLE CONTENDER. THE EFFECT OF THE CHANGEOVER ON GERMAN EVERYDAY LIFE

The French welcomed the € with a cheerful “bonne année avec €” and German Chancellor Gerhard Schröder spoke of the “dawn of a new age.”¹ The *London Times*, on the other hand, was less measured when it barely acknowledged the €’s arrival on the Continent, commenting on one unexpected side-effect in France by using the caption “Boon to French Prostitutes,” accusing the latter of “massaging their rates upward.”

An unlikely source, *Business Today Egypt* asked in its December issue²: Did the Euro usher in the dawn of a new economic order, and did it promote international investment and lay the groundwork for Europe’s political stability? A preliminary answer can be seen in the effect the €’s introduction in 1999 has had on improving investment conditions and controlling inflation in traditionally inflation-prone countries such as Spain and Italy.

Echoing the prediction in 1950 of Jacques Rueff, the French monetary policy expert: “L’Europe se fera par la monnaie ou ne se fera pas” (Europe will come into existence by its money or not at all), we may wonder if has there been a unifying effect with the introduction of real € coins and bills in 2002. What were its everyday signs? Europeans embraced the € beyond all expectation; in fact, even the Germans had almost all their old money converted by the middle of January, 2002.

The € has taken on the role of the German mark as “the world’s most important reserve currency, effectively moving Europe’s stock exchanges

¹Cited in Deutschland Nr. 1 (2002), 16: “Wir erleben den Anbruch einer Zeit, von der Menschen in Europa jahrelang geträumt haben...Auseinandersetzungen finden höchstens noch zwischen Bürokratien statt, aber nicht mehr zwischen Bürgern unserer Europäischen Union. Dieser Traum ist mit der gemeinsamen Währung gleichsam anfassbar geworden.”

²<http://www.businesstoday-eg.com/BT_Dec_2001/main/coverstory.htm>.

much closer to the leading global financial markets in the United States”³ and competing with the United States’ singular status as a financial super power.⁴ Still, the €’s financial reach extends to Eastern Europe (Kosovo, Macedonia, Croatia, Bosnia) and Turkey, which are adopting the € as its secondary currency in place of the German mark, and to the CFA countries (*Communauté Financière Africaine*) in Western and Central Africa where the French franc disappeared to make room for the €. Moreover, socially and culturally, the new money “has meaning far beyond finance,” as illustrated by the graphics on the € notes, which symbolize the bridging among European countries.⁵

With a disclaimer that its survey did not reflect the views of the European Commission, Gallup Europe surveyed the Europeans’ attitude toward the € in September 2001⁶ (pp. 31ff.) postulating the following:

Practical Effects of the Introduction of the €:

- It will make it easier for those who travel
- It will make purchases easier within the €-zone
- It will make price comparison easier
- It will eliminate currency exchange rates.

SOCIAL AND ECONOMIC EFFECTS OF THE INTRODUCTION OF THE €:

- It will become an international currency like the dollar
- It will contribute to price stability in countries within the €-zone
- It will foster economic growth in countries within the €-zone
- It will reduce discrepancies in development in countries within the €-zone
- It will contribute to the creation of new jobs.

It would be premature to attempt to discuss the merits of these assumptions, as only time will tell. Instead, we should look at actual everyday effects in conjunction with the changeover. A word of caution may be in order, however; the following information is largely anecdotal, culled from various sources, mostly media reports.

³*Deutschland Magazin* 3 (2001), 9.

⁴Justin Fox, *Fortune Magazine* (10/30/2000), 50.

⁵*Washington Post* (1/02/02).

⁶<http://www.europa.eu.int/comm/dg10/epo/flash/fl98_in_en.pdf>.

Since everyday economic effects are interesting, let us begin with an issue that has puzzled even the experts, then continue with a look at the psychological, linguistic, and social effects.

Did the introduction of the € lead to price increases?⁷ First, we must accept the fact that the German food industry sold 3/4 of all items at prices ranging from DM 0.99 to 5.99. Throughout 2001, companies kept adjusting their DM prices in order to maintain this range, despite disclaimers that prices would not be raised at the time of the changeover.⁸ However, the fact remains, prices did rise to their highest point in seven years, about 2.1% overall, including food 5.3%, meat 9.7% (because of BSE quality control expenses) and fish 6.9% (because it is an alternative to meat).⁹ The Institute for Applied Consumer Research (Institut für angewandte Verbraucherforschung) speaks of a “noticeable” (spürbare) rise while the German Central Bank dismisses it as merely a subjective feeling of the consumers.¹⁰ The fact remains, however, that inflation has risen by 0.9% since January and, seasonal adjustments aside, even Bundesbank and Crédit Lyonnais officials admit that the changeover added .2% to inflation.¹¹

On January 1, 2002, savings and short-term investments amounted to 2,000 billion € ; at .2% inflation, $\text{€}4$ billion disappear into thin air, or as *Die Welt* put it, Germans could have bought 100,000 Mercedes-Benz automobiles at $\text{€}40,000$ each.¹²

So, the € turned out to be a “teuro” (expensive euro) after all. A quote from the *Weltreport Bier*, a supplement to *Die Welt* of November 9, 2001, further underscores the argument supporting inflation. In one of the articles about the German beer industry, the president of *Warsteiner* defended his company’s decision to raise the price for a case of *Warsteiner* by 7%, announcing that “price increases are inevitable

⁷*Deutschland Nachrichten* (2/28/02): “Inflation auf 1,7 Prozent gefallen. Niedrigere Preise für Benzin, Heizöl und Gas haben nach dem Zwischenhoch zu Jahresbeginn die Inflation in Deutschland wieder unter die Marke von zwei Prozent gedrückt. Im Februar schwächte sich die Inflation nach vorläufigen Zahlen des Statistischen Bundesamtes in Wiesbaden auf 1,7 Prozent ab. Im Januar hatte die Teuerungsrate noch bei 2,1 Prozent gelegen.”

⁸*Deutschlandnachrichten*, 12/2/01.

⁹*Die Welt* (1/16/02).

¹⁰*DieWelt* (1/16/02).

¹¹*Die Welt* (2/01/02). On April 18, Deutsche Welle Wirtschaftsnachrichten reported that inflation edged higher in March, from 2.4% in February to 2.5%: “Es machten sich vor allem hohe Preise bei Nahrungsmitteln, Tabackwaren und in der Gastronomie bemerkbar.”

¹²*Die Welt* (2/01/02).

because a first-rate beer like *Warsteiner* must reflect its premium status in its higher price.” He continued: “I’d rather lose half a million hectoliters in sales, but maintain instead the brand’s integrity reputation as a premium beer.”¹³

And what did Schwartau, the maker of jams, jellies and preserves, and Haribo, the *Gummibär* manufacturer, do? Schwartau shrank the size of its glasses and began selling at the old price converted into \square . Haribo reduced the weight of each *Gummibär* ever so slightly in order to accommodate the change from 5 *Bärchen* for 10 pennies to 2 for 5 cents. All of a sudden people get a mere 4 *Bärchen* for DM .098 pennies—and never mind the fewer licorice sticks per package.

Clearly, packaging has become an issue in many areas. German newspapers blamed their price increases on the cost of newsprint. This, however, amounts to blatant disinformation. In January alone, the price of newsprint fell \$15 per ton and has in fact been declining for most of 2001 from \$625 a ton to \$490 in December of 2001. Yet the worst offender was apparently AOL Member Services in Germany, according to a list published by the *Verbraucherzentrale Nordrhein-Westfalen*.¹⁴

Other businesses have benefited economically. Eurocoin, devalues coins by breaking and bending them. The non-ferrous metals industry profited handsomely from selling several raw materials used in \square coins, as did the German game manufacturer Ravensburger who redesigned many of its money-related boardgames, and consulting firms were employed in various capacities. In addition, those who gained were hardware and software companies, vending machine manufacturers, the paper products industry together with printing companies, schoolbook publishers (math books), graphic designers and advertisers, makers of pocket calculators, pocketbooks and wallets (because of the different sizes of \square notes). Even candy-makers had to come up with a \square chocolate coin, as did casino chip makers. Credit card use jumped by 50%, at least initially. Some cities, such as Karlsruhe, rounded off their parking fees to make inner cities more attractive, and speeding tickets got cheaper, now costing \square 40 instead of the previous DM 80. One unlikely benefactor of

¹³Albert Cramer, Warsteiner CEO, in *Weltreport Bier* (11/8/01), p. 8: “Preiserhöhung [ist] unausweichlich, weil eine Premium-Marke wie Warsteiner auch im Preis eine herausragende Stellung beziehen muss...Bier verliert sonst an Wertigkeit gegenüber dem Wein...Lieber auf eine halbe Million Hektoliter verzichten, aber dafür seine Marke sauber halten.”

¹⁴<<http://www.vz-nrw.de/euroforum>>.

the changeover is the construction industry because of the practice of wage dumping throughout Europe, which is even promoted by trade unions, especially in areas with high unemployment.

It is unclear the amount of illegal money stashed away in places like Switzerland, Spain (*dinero negro!*), and Portugal. A lot of this money has been converted into prized real estate along the Mediterranean, into antiques, and works of art. In fact, flatness in these markets in months and perhaps years to come will illustrate the magnitude of the money-laundering that has happened. Needless to say, the German financial police kept a watchful eye on boat shows, antique shows, and the like. In addition to the already mentioned unifying effect of the common currency, there were other psychological effects due to the changeover. Some people approached the departure of the German mark with humor, arranging for a solemn public burial, a band playing, and a headstone reading: “Zu Grabe tragen wir die Mark, sie war uns so lieb, sie war so stark. Doch wollen wir nicht weinen, der Euro wird uns endlich einen.”¹⁵ (“We want to carry the mark to the grave, we loved the mark, it was so strong. However, we don’t want to cry, the euro will finally unite us.”).

Apparently, the new currency has served also as a conversation piece, although Germans reputedly prefer to keep to themselves according to Basil Wegener of the Deutsche Presseagentur.¹⁶ Interestingly, citizens in the 12 \square member states were apparently struck by a sudden feeling of solidarity on the one hand and of distance toward the holdouts Great Britain, Denmark, Norway, Sweden and Switzerland—on the other.

Linguistically speaking, the \square ’s effect will require a certain amount of “house cleaning.” If we consider an expression like “Pfennigfuchser,” will a person afflicted with this habit have to cut the “pinching” in half and now be called a *Centfuchser*? Thanks to the efforts of the *Deutsche Sprachgesellschaft*, there is a solution. The society spoke out in favor of retaining the term. But what about stiletto-heals (*Pfennigabsätze*) or lucky pennies (*Glückspfennig*). Or will it be “he or she who ignores a cent not be worthy of a \square ” (*Wer den Heller nicht ehrt, ist des Talers nicht wert*)? The *Deutsche Sprachgesellschaft* refers to the latter as a case of language frozen in time, but not in the case of the “lucky penny”; because we are dealing here with the coin per se (“die Münze an sich”),

¹⁵The citizens of Gifhorn in Lower Saxony held such a ceremony.

¹⁶“Sprachabenteuer Euro: Endlos-Debatten an Kassen, Automaten und Theken.”

“da werde sich wahrscheinlich ein Sprachwandel vollziehen.”¹⁷ Ok, we can say “lucky cent” then.

Socially speaking, some things have changed dramatically, although Germans are far from suffering the humiliation which Italian millionaires must have been experiencing who suddenly looked rather impoverished, but even RTL’s game show “Wer wird Millionär” (Who wants to be a millionaire) had to up its ante, in fact double it.

In conclusion, here are some curious facts due to the changeover, listed in no particular order:

Where did the German marks go? Most of them were shredded and turned into confetti, trinkets, insulation, napkins, fuel, wallpaper, even mouse pads, but not toilet paper because of the toxicity of the ink and because the amount of cotton contained in the paper appears to be so durable that it would clog toilets.

At the Frankfurt Airport a couch is on display that was made from DM 1 million in shredded bills and sealed with a thick, clear, plastic coating. On the back of the couch it says: “Setzen Sie sich auf eine Million Mark!” (“Sit on one million marks!”).

The first biblical text containing a reference to the ₤ is a Franconian dialect version of the Gospel according to St. Luke (*Lukas auf Fränkisch*) where the parable of the talents reads: “Ea hat a jedm an Scheck über ₤ 5,000 geb’m.” (“He gave each a check of more than ₤ 5,000.”). Researchers at the Technical University Dresden found that the ₤ is harder than the former German coins. They also found that the new € notes survive getting laundered in a washer at close to boiling temperature, but they must not be ironed. Coin starter kits made for great Christmas presents for grandchildren. Panhandlers were inundated with discarded old German coins, creating a serious logistical problem because the homeless have no bank accounts and thus have a hard time exchanging the coins. And we should not forget the sheer weight of the pennies! There will be no more Currency Exchanges in railroad stations, at border points and in inner cities. Oddly, however, tax returns for the year 2001 are still being figured German marks, not in ₤. And where did all that extra German cash come from that has caused a shopping

¹⁷<<http://www.deutsch-als-fremdsprache.de/presse/daf-spiegel>>.

bonanza for the merchants? 17% had been stashed away in refrigerators and attics, 12% in desk drawers, 10% in flower pots and in gardens, 9% in sugar and coffee cans, 8% in shoes, socks, clothes, linen closets, 3% under mattresses, but apparently no significant amount in or under pillows.

Finally, vending machines turned out to be so fine-tuned that the national symbols embossed on the coins are causing problems when used in another EU country's vending machines. Also, the nickel-made centers are dropping out of the brass-ringed coins when subjected to extremely cold temperatures. And speaking of nickel, people allergic to cuprous nickel will apparently get contact dermatitis. The \square coins are biased towards "heads," reports the *New Scientist*. Perhaps the most unusual effect in conjunction with the conversion is the fact that the \square was honored with the Charlemagne Prize of the City of Aachen (Karlspreis) on May 9, 2002, the same prize awarded to, among others, President Clinton, for his efforts on behalf of European unity.