

Chapter 33 Viewpoint Activity

One of the biggest controversies among the people of the European Union (textbook pages 851–852) centered on the EU’s adoption of a single currency, the ECU. In the first excerpt, an economist describes how Britain’s former prime minister, Margaret Thatcher, resisted this idea. The other is from a German magazine. ♦ *As you read, try to imagine how you would feel if you lived in one of these countries. Then, on a separate sheet of paper, answer the questions that follow.*

A Single Currency for Europe?

Great Britain

In the spring of 1991 British prime minister Margaret Thatcher lost her job. She had not lost an election. It was not obvious that she would. . . .

Her downfall arose over the issue of European integration. Her stated purpose was to preserve the powers of the Bank of England to control money supplies and set British interest rates. She saw losing these powers as “the greatest abdication of national and parliamentary sovereignty in our history.” She did not understand that these economic powers were no longer within her national political power. . . .

If England did not stay in the [European] Community and did not join the EMS [European Monetary System], the financial capital of Europe would move from London to Frankfurt. Finance, Britain’s most important industry, would almost certainly be lost. Even with England’s full participation in the European Community, with Germany as Europe’s leading economic power, it is going to be difficult to keep Europe’s financial capital in London. . . . As a result, a conservative financial community had to dump a conservative prime minister.

Germany

German Chancellor Helmut Kohl knows how his people feel [in this election year], which is why he has been saying little about the European currency unit (ECU). Would the debut of the ECU mean the end of the German mark? That, Kohl has told concerned audiences, is not just around the corner. There “will be no ECU,” he has said, until the pan-European currency is as solid as Germany’s own.

But the chances of a joint European currency are, in fact, better than ever. Preparations for introducing the ECU. . . are proceeding full speed ahead. In Frankfurt, a working group is designing new ECU notes. . . .

Though it may be very unpopular to do so, Germany’s politicians will have to come to terms with the end of the mark. “The die has been cast,” says currency expert [Heinrich] Matthes. There is no longer any way to get out or go back. Bonn would have to break the treaty to do so, and that would be the end of the EU [European Union].

Sources: (1) *Head to Head*, by Lester Thurow (William Morrow and Co., 1992); (2) “One European Currency” from *Der Spiegel* (in *World Press Review*, October 1994).

Questions to Discuss

- Why does the first writer say that Thatcher’s objections to the currency brought her political downfall?
- How does the German editorial writer disagree with the attitude of German political leaders?
- Identifying Central Issues** What reasons can you suggest for people in a certain country wanting to keep their own money instead of using an all-European currency?