

The history of the Euro



Euro (Eng. Euro) - the official currency of 17 EU countries and certain other countries; one of the leading world currencies. Euro was created to achieve the highest form of integration between the EU countries - economic and monetary union, which is characterized by a combination of a unique market with a single currency.



The idea of a single European currency

Despite the youth of the Euro, his idea - the idea of a common monetary system in Europe - even in ancient times. So, some ancient Greek city-States created alliances with a single financial system.

In the middle ages attempts to create a single currency has happened several times: in the XIII-XVI centuries in the territory of the Hanseatic Union, Latin and Scandinavian monetary unions XIX-XX centuries, the Treaty of Rome and the creation of the European monetary system

The Latin monetary Union included France, Italy, Belgium, Switzerland in 1865 and from 1868 and Greece, there was a type of the Euro system. The monetary system were identical in weight, material and value of coins, but national banknotes preserved. The Latin Union, which was led by France, has spread its sphere of financial influence in the late nineteenth century. another 18 countries had currency, equivalent to the French franc. The Latin Union existed until 1926.



Administration

The central bank has its seat in Frankfurt (Germany) and is in charge of the monetary policy of the euro area.

Main articles: European Central Bank, Maastricht Treaty and Eurogroup

The euro is managed and administered by the Frankfurt-based European Central Bank (ECB) and the Eurosystem (composed of the central banks of the eurozone countries). As an independent central bank, the ECB has sole authority to set monetary policy. The Eurosystem participates in the printing, minting and distribution of notes and coins in all member states, and the operation of the eurozone payment systems.

The 1992 Maastricht Treaty obliges most EU member states to adopt the euro upon meeting certain monetary and budgetary convergence criteria, although not all states have done so. The United Kingdom and Denmark negotiated exemptions,[15] while Sweden (which joined the EU in 1995, after the Maastricht Treaty was signed) turned down the euro in a 2003 referendum, and has circumvented the obligation to adopt the euro by not meeting the monetary and budgetary requirements. All nations that have joined the EU since 1993 have pledged to adopt the euro in due course.



History

The euro was established by the provisions in the 1992 Maastricht Treaty. To participate in the currency, member states are meant to meet strict criteria, such as a budget deficit of less than three per cent of their GDP, a debt ratio of less than sixty per cent of GDP (both of which were ultimately widely flouted after introduction), low inflation, and interest rates close to the EU average. In the Maastricht Treaty, the United Kingdom and Denmark were granted exemptions per their request from moving to the stage of monetary union which would result in the introduction of the euro.

The name "euro" was officially adopted in Madrid on 16 December 1995.[10] Belgian Esperantist Germain Pirlot, a former teacher of French and history is credited with naming the new currency by sending a letter to then President of the European Commission, Jacques Santer, suggesting the name "euro" on 4 August 1995

The changeover period during which the former currencies' notes and coins were exchanged for those of the euro lasted about two months, until 28 February 2002. The official date on which the national currencies ceased to be legal tender varied from member state to member state. The earliest date was in Germany, where the mark officially ceased to be legal tender on 31 December 2001, though the exchange period lasted for two months more. Even after the old currencies ceased to be legal tender, they continued to be accepted by national central banks for periods ranging from several years to forever (the latter in Austria, Germany, Ireland, Estonia and Latvia for banknotes and coins. Also, Belgium, Luxembourg, Slovenia and Slovakia will accept banknotes forever, but not coins). The earliest coins to become non-convertible were the Portuguese escudos, which ceased to have monetary value after 31 December 2002, although banknotes remain exchangeable until 2022

