

Europe's Leap Into Unknown
By Ambrose Evans-Pritchard in Brussels and Toby Helm in Frankfurt
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Note from pastor Kevin: The Bible (Daniel and Revelation) predicts, that in the last of the last days, the nations of the world will come together for one last attempt at world government. In this last attempt, the world government will actually be a combination of 10 governments, each with their own king, but all in allegiance to a common identity and an overall ruler which the Bible calls the "Antichrist." Some speculate that Europe will be one of these "ten nations." If this is the case, then it makes sense they will need a common currency. The Europeans have talked about it since 1970, now it is coming true. Will the US, Canada and Mexico be the next to unify currencies? Time will tell.

EUROPEAN visionaries realised their dream of uniting the continent with a single currency for 12 nations and 300 million people as the euro came into circulation last night, at midnight.

In an atmosphere of celebration, mixed with some trepidation in EU capitals, the project that has been more than 30 years in the making came to life as people triumphantly pulled colourful euro notes from cash machines. The entry of the euro marks the exit of 12 national currencies, ancient and modern, which will all cease to be legal tender in the eurozone within two months.

It will be the first time since the Roman Empire that bread, wine and salt can be bought with the same coin throughout western Europe. For Europe's leaders, it was the most emotive moment in the post-war history of European integration. Romano Prodi, the European Commission's president, said the new currency was a "resounding success" that would bring economic stability and give Europe a greater voice in the world. "This is a very special day, a great day for Europe," he said. "Only a few years ago the euro was a dream, but now we have made it a reality."

Across what is now known as euroland, EU leaders said the currency had proved itself since its launch in non-cash form on Jan 1, 1999, keeping inflation at bay and shielding Europe against currency turbulence after the terrorism of September 11. Mr Prodi said the single currency would inevitably lead to further harmonisation of the EU's economies. "I believe we have taken a major step that ineluctably leads to greater convergence of economic rules," he said. It was a gradual process, "which starts tomorrow". Chancellor Schröder of Germany, the leader of a country that is still deeply sceptical about the euro, told his people to have faith in the future. "The German mark meant a lot to us," he said. "We link the mark with memories of good times in Germany. But you can be sure that even better times are ahead. "We are witnessing the dawn of an age that the people of Europe

have dreamed of for centuries: borderless travel and payment in a common currency."

Of the 15 EU nations, only Britain, Sweden and Denmark retain their own currencies. Wim Duisenberg, the president of the European Central Bank, urged them: "Come and join us." To those who feared that monetary union would accelerate the erosion of national identities, he said: "The euro will not wipe out different cultures in Europe. We want to preserve the different cultures and languages for ever." Peter Hain, Britain's Europe minister, said: "The launch of euro notes and coins today is a historic event. The euro has become a reality for 300 million people across Europe - from France to Finland and from Italy to Ireland. In or out of the euro, it will affect Britain." Norman Lamont, the former chancellor who took Britain out of the European exchange rate mechanism nine years ago, said the country should "rejoice, rejoice, rejoice" that sterling was still legal tender. Lord Lamont said: "The euro has increased the risk of recession in euroland."

The final preparations for the most audacious monetary experiment in history went like clockwork. There were fewer robberies than usual and no evidence to date that anybody had succeeded in counterfeiting the notes, which are fitted with high-tech hologram designs that change in the light as they are tilted. More than six billion notes and 37 billion coins worth 144 billion euros have been distributed to shops, banks, and cash machines. Another 526 billion euros have been produced and will go into circulation in the coming days or be held in reserve.

On the last day of currency trading in 2001, the euro edged higher against both sterling and the dollar - £1 equals 1.6320 euro and \$1 equals 1.1223 euro - as analysts predicted that the currency would receive a lift if the changeover went well. But the markets will expect to see Europe's leaders fulfilling pledges to carry out root-and-branch reform of their economies before investment capital will flow back to the eurozone. The euro has fallen almost 25 per cent against the dollar in three years.

Giulio Tremonti, the Italian economy minister, was one of those who did not share the general enthusiasm for the healing powers of the euro. "I am slightly reticent to start walking down a path full of . . . primates waving banners, faith healers, shamans, miracle makers and bankers," he told *La Stampa* newspaper. "I find this idea that the euro will bring peace and end wars is particularly odd. Wars end when consumerism triumphs over romanticism."

The euro became legal tender in the French territory of Reunion in the Indian Ocean two hours before Greece and Finland led the 12 eurozone countries into monetary union. Notes and coins were transported by boat and

plane in preparation for the launch.

PRODI PREDICTS A UNITED EUROPE BY DAVID SCOTT

Full economic integration in Europe will come a step nearer with the launch of the euro, Romano Prodi predicted yesterday. The president of the European Commission said it was now inevitable there would be "common rules" for running national economies in the 12 countries where the euro replaced existing currencies from midnight.

Mr Prodi's remarks are certain to revive controversy over claims that the introduction of the euro will eventually result in a "United States of Europe," with economic policies being decided in Brussels. Eurosceptics believe that centralised taxation rules for Britain could be dictated by the European Union, with little control by the UK Treasury.

Mr Prodi, speaking in Brussels prior to EU celebrations marking the historic introduction of the euro, said the single currency could only mean yet more economic harmonisation. He said: "The euro in our pockets will lead to greater convergence in economic policy. We need to have more common rules." It was not something that would happen overnight but was an inevitable process "which starts tomorrow". There were various stages to go through as the eurozone countries sought to cement their new economic relationship. He added: "I don't want to go into all that now, but with the launch of the euro we have taken a major step down the path which will lead ineluctably to greater convergence of economic rules."

The commission president was asked what message he had for the three EU nations - Britain, Sweden and Denmark - which are not joining the single currency. He replied: "It is best not to send any message, it is best not to interfere in national policies - in the past we have found that to be a mistake. "It must be a democratic decision for the countries concerned but I do think the launch of the euro will have an enormous influence on the public in the countries which have not joined."

The controversy over the prospect of British taxes being raised and collected by Brussels was fuelled last week when the German finance minister, Hans Eichel, heralded the introduction of the euro as a major step towards a Europe-wide tax system. He said he could imagine the development of a centralised European tax system to rival, and supersede, the tax regimes in individual countries.

Pedro Solbes, the commissioner responsible for the single currency, said yesterday that nearly £1 billion of euros was distributed in the 12 eurozone countries in advance of the midnight launch which was marked with a countdown and fireworks near the commission headquarters in Brussels. About 150 million EU citizens - half the population of the 12 countries - had

bought "mini-kits" of euros in readiness for the switchover. On the eve of the launch, 40 per cent of the 15 billion euro notes and nearly three-quarters of the total production of 50 billion coins were in circulation.

Mr Solbes urged consumers not to hoard the new coins. "These coins are not collectors' items. This is a real currency and they are to be used. There is no point trying to hoard them." He said that according to commission information, there had been very little attempt by retailers and businesses to use the euro launch as an excuse to raise prices. In Germany, there had been a systematic rounding down of prices in the shops to reassure the public. "We appeal to people across Europe not to use the launch to justify any price increases. Of course, prices can go up in the normal way, but it should not be done just because we are changing currencies," Mr Solbes said.

The introduction of the single currency in the 12 countries that make up the so-called eurozone has inevitably rekindled the row over whether Britain should join. Tony Blair, who has faced increasing pressure from both sides to spell out his plans, has been increasingly adopting a pro-single currency approach, saying at the weekend that it was "massively in our interest" that the single currency was a success. Supporters of the euro want Mr Blair to personally lead a campaign to persuade Britons of the currency's merits in advance of a referendum on UK entry. The Tory leader, Iain Duncan Smith accused Mr Blair of "furtive manoeuvring" to "bamboozle" Britain into scrapping the pound. The Liberal Democrat leader, Charles Kennedy, called for legislation within the next year to clear the way for the euro to be adopted before 2005 - the earliest date when a general election was likely to be called. However, there has been speculation that a referendum could be called in May 2003, the same date as the Scottish parliament elections.

The introduction of the euro has coincided with speculation about how long Wim Duisenberg will remain president of the European Central Bank. Saying he would still be in the job "this time next year" Mr Duisenberg denied knowledge of any agreement with France for him to leave before July 2002. Wendy Alexander yesterday urged Scottish businesses to seize the opportunities of a single European currency and warned that the euro was critical to the prospects of many Scottish businesses. The enterprise minister said it was clearly important that Scotland remained an integral player in Europe.

EURO MOVE VISIONARY

UN Secretary-General Kofi Annan has congratulated Europeans for adopting the euro, saying their "bold and visionary choice for unity over division" was an example to the world. In an unusually warm statement, Annan's spokesman, Fred Eckhard, said: "History will record the adoption of the euro as much more than an economic decision."

The statement was issued six hours before the euro becomes legal tender in the 12 countries that have chosen to adopt it at midnight (10am AEDT) in Frankfurt, headquarters of the European Central Bank. "The secretary-general warmly welcomes the introduction of the euro as the new common currency for 300 million Europeans," Eckhard said. "The adoption of the euro by a dozen countries represents a bold and visionary choice for unity over division, co-operation over conflict, and a common future over a divided past," he added.

Annan "congratulates the European leaders and nations which have adopted the euro on their decision and hopes that it may serve as an example to every part of the world - rich and poor, developed and developing - that uniting in a common cause can bring benefits to all," he said.

The euro may be the most important step towards European integration taken since 1951, when states ravaged by World War II began to build the institutions which would evolve into the European Union. "To see peoples and nations which were once enemies come together in the cause of prosperity for all, and to share one currency, is to witness a political act of unity and integration," Eckhard said. "It is an example to all the world that unity and diversity can thrive side by side, that uniting in the cause of economic progress and political stability does not mean sacrificing the unique diversity that characterises each nation, each people."

The statement did not mention the three EU countries which decided to remain outside the euro zone: Britain, Denmark and Sweden.

