uage

Venetian ducat and the Florentine fiorini, an indication of the powerful position held by such Italian trader-states in those days. In the sixteenth century the economic epicentre shifted to the Iberian peninsula, when Spanish kings transformed the silver they plundered from the New World into a currency. Within a few decades the peso was recognised in all the world's marketplaces and even as far as China. In the nineteenth and twentieth centuries the leading currencies were the British Pound and the North American Dollar. In all this time the desire and attempt to simplify the currency system has never ceased. The silver 5-franc coin of the Latin Monetary Union (1865–1927) represented the first attempt to establish a single calculation and currency system between France, Italy, Switzerland and Belgium. Similar attempts were launched in Germany and Austria (1857–1867) and in Scandinavia (1872–1932) around the same time.

The Euro: the start of something bigger?

In the past, currencies assumed the role of a universal language, making it possible to bridge linguistic as well as cultural barriers. This is the reason why the European Union is putting its money on the Euro: to strengthen solidarity among the citizens in participating countries. After all, even the founders of the European Community realised that the only way to create a United States of Europe was from the bottom up. In other words, to start from a politically less sensitive platform and gradually build up a single market as the precursor to political union. Consequently the Euro puts the finishing touch to a process launched in the post-war era.

The campaign for a single European currency gained strong support in the 1970s. At the time severe exchange rate fluctuations were threatening the creation of a unified market. With the introduction of a reference currency, the Ecu, in 1979, stricter guidelines were drawn up. In the mid-1980s the process gathered momentum through the initiative of the European Parliament and the then President of the EU-commission, Jacques Delors. The fall of the Berlin Wall and German re-unification accelerated the unification process even further, culminating in the Treaty of Maastricht in December 1991. This treaty forms the basis for a single market and currency.

The Maastricht Treaty was important for two main reasons. On the one hand it provided for the establishment of a common economic region where goods, people, money and services could circulate freely; →

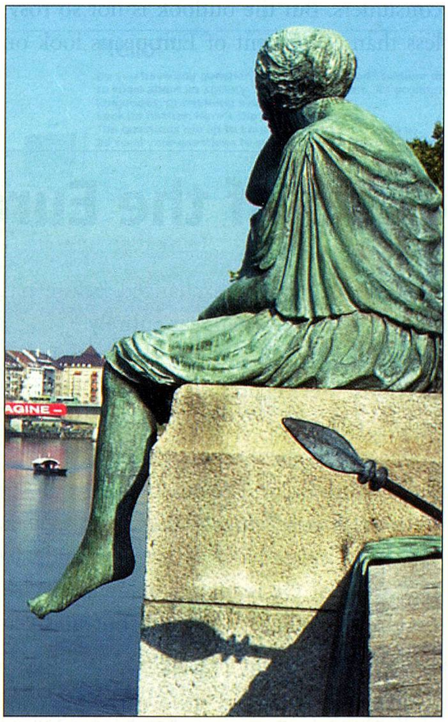
Mother Helvetia looks towards the Euro zone

It will be a gentle revolution, but a revolution nonetheless: On 1 January 2002 the currencies of twelve European countries will disappear to make way for a single currency, the Euro.

The national currencies will still be legal tender for a short time i.e. until 28 February with the exception of France (17 February), Ireland (9 February) and Germany, where no changeover period is planned and the D-mark will be withdrawn from circulation on 31.12.2001. After these interim periods expire, a final deadline for exchanging banknotes will be set (generally the middle or end of 2002, with a few exceptions).

Similar guidelines apply to the return of coins, and here too the deadlines vary from country to country. To facilitate the changeover to the Euro, some countries have already decided to keep banks open on 31 December 2001 and 1 January 2001.

Switzerland, of course, is not in the Euro zone, so there will be no problems with the Swiss franc during the transition. Swiss banks have already adapted their structures to reflect the introduction of the Euro in


Erwin Zbinden

day-to-day banking business. The Euro must now considered as a new market currency; wholesalers, many hotels, restaurants, shops and the Swiss Federal Railways will accept payments in Euros in the same way as they formerly accepted individual foreign currencies. It is worth remembering that Switzerland's revenues from foreign visitors amounted to CHF 13 billion last year, and tourists from the Euro zone account for two thirds of non-Swiss overnight stays.

For Swiss Abroad living in the affected countries the change will be a little more drastic - their old national currency will disappear and the relationship to the Swiss franc will be dictated by the Euro. In substance, the relationship to the Swiss franc will not be affected: only in terms of exchanging the national currency. Nor will there be much change in the relationship to currencies of many other countries within and outside Europe. For residents in some countries with so-called weak currencies there is another major innovation: the introduction, or re-introduction, of the cent. We Swiss have long been familiar with the Rappen or centime.

Ignazio Bonoli

Translated from the German by N. Chisholm