

'Naming the euro' from The Irish Times

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Naming the Euro

The decisions yesterday by the European Council in Madrid to name the new currency the euro and to lay down a timetable and rules for its introduction are very important milestones in the history of European integration. While serious issues still remain to be resolved on economic and monetary union, there should be no doubt that these decisions make such union much more likely to happen. It has always been a mistake to underestimate the role of political will and determination in accomplishing such important economic decisions within the European Union.

The choice of the euro fulfills the criteria that the name should be the same in each of the Union's official languages and that it should evoke the European project, even though the choice appears rather obvious and uninspiring. A considerable effort is now required to convince the public, and not just the markets, of the benefits that will flow from a common currency.

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Yesterday's debate among the heads of state and government in Madrid set a good precedent for the forthcoming political discussion on the introduction of a common currency. There was an honest acknowledgment that since not all member states will be able to join at first, it will be essential to agree a regulatory regime to relate currencies that are in, and those that are out, of a monetary union. It was also reaffirmed that this is a matter of common interest between the member states, which must now be put into practical effect.

From Ireland's point of view these are important facts because of the uncertainty over whether Britain will exercise its right under the Maastricht Treaty to opt out of the common currency. Yesterday's decisions have convinced the British that this decision must be made in little over two years' time, and there was an important signal from the Chancellor, Mr Clarke, that he does not regard competitive devaluation as a prudent policy for his country or as compatible with a functioning single market.

It is still quite possible that future events could derail or delay the plans to introduce a common currency. The wave of strikes in France has revealed that the level of expenditure cuts required to bring that country into line with the convergence criteria may be very difficult to achieve. It would make no sense for a common currency to proceed without French participation. Other states such as Belgium, Spain and Italy, may find it equally difficult to make such cuts.

The Government is right to continue with its preparations for Irish membership, and to prepare contingency plans for a flexible response to any British decision to delay or refuse the opportunity to join. In common with other governments it will now have to redouble its efforts to explain the issues and to convince the public that a common European currency is in the best interests of this State.