

# The Euro Story

Making its debut in January, the not-so-revolutionary euro has redefined the public's perception of money in Europe and around the world.

by Arthur L. Friedberg  
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**B**OTH NUMISMATISTS AND casual observers have witnessed a “eurofrenzy” over the past few months. The introduction of the euro on January 1, 2002, ignited an extraordinary interest in money—not only in Western Europe, where the new coins and paper money impact the daily lives of several hundred million people, but also throughout the world, particularly among coin collectors.

Much of the talk has been of the “unprecedented novelty of the event.” Here were a dozen countries, each giving up its national currency and heritage to take part in a bold, new experiment: The use of a common currency, unrestrained by national borders and readily accepted everywhere, would make trade easier, cheaper and more efficient.

## Ancient Precedents

IF NUMISMATICS CAN be used to show the lessons of history, this is one of those chapters. The thinking behind the euro actually is almost as old as coinage itself, a concept that came about because economies cannot function on a barter system. Thanks to the ancients, coins became standard units of weight and measure, interchangeable among different peoples and lands. They knew that to be successful, their coinage had to be known, measurable and respected.

From a European perspective, the silver *drachm* of ancient Greece was among the first broadly recognized coins. It circulated throughout the Mediterranean world, using as a standard the drachm of either Corinth or Athens. According to Barclay V. Head, following Athens’ success in the Persian Wars, its drachm enjoyed an almost “universal prestige and currency.”

The Roman *denarius* was the first Pan-European currency. The main silver coin of Rome enjoyed remarkable stability from the time of the Republic through the early Empire. Thereafter, it suffered continual debasement during a succession of emperors, and by the end of the 2nd century A.D. it contained more base metal than silver.



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The coinage reforms of Diocletian (A.D. 284-305) yielded perhaps the earliest examples of a truly European currency. Imperial coinage was produced by more than 10 mints and, even though the Empire was declining, remained consistent in design, size and composition. (The precious-metal content of the coins used in daily transactions was negligible, as is the case today.)

In the 10th to 12th centuries, the silver denarius was reincarnated in England as the silver *denar*, or penny. It was the only coin used as money in Northern Europe for most of this period and also was adopted by issuers in Northern Italy and elsewhere.

The last half of the 13th century saw the introduction of two similar and long-enduring coin standards: the gold *florin* (or *goldgulden*) and the gold *ducat*. The florin was struck in 1252 in Florence, Italy. Europeans quickly recognized its quality, and use of the coin spread across the Continent. The first gold ducat was produced in Venice in 1284 and, after more than 700 years, continues to be minted with little variation in its specifications (although today it is considered to be a bullion/collector coin). The ducat, in particular, is unrivaled as a universal coinage. Unlike the florin, it was never debased or altered by its various issuers, but remained true to its standard of 3.5 grams of .986 fine gold. It was struck in fractions as small as  $\frac{1}{32}$  and multiples as large as 100. The variety of types is too broad to count, and the number of issuers is well over 300.

### Modern Attempts at Standardization

THE HISTORY OF German coinage is one of hundreds of different issuers—local, ecclesiastical and imperial. The nation produced a variety of *vereinze münze* (“convention money”), a currency common to a particular group of cities or states, as early as the 13th century. By the 18th century, convention money was used in most of Germany, the most recognized denomination being the *reichsthaler*.

Beginning in the early 19th century, the necessities of modern trade led the German States in the North and South to form a number of customs and coinage unions. In 1834 three unions merged to form the Zollverein, which consisted of 17 states and more than 25 million people. This was a step toward Germany’s unification in 1871 and the introduction of a decimal system, with a *mark* equal to 100 *pfennigs*. It is worth noting that the higher denominations in this coinage series (2 through 20 marks) shared a common reverse, while the obverses were determined by the issuing states.



Not Actual Size

Rome’s silver denarius could be considered the first Pan-European coin. For centuries, it was accepted throughout the Empire.

ANA ARCHIVES



The silver penny circulated in Northern Europe and was widely imitated. This piece was struck during the reign of Aethelred II (978-1016).

ANA ARCHIVES



As the Zollverein's influence in trade and commerce grew, other nations attempted to establish similar systems. The Latin Monetary Union ranks among the boldest, though not the most successful, of all attempts at monetary standardization. Formed in 1865 by France, Belgium, Italy and Switzerland (with Greece joining in 1868), it featured a decimal system based on the French franc and provided that all denominations be of uniform weight and value. Participating countries included:

Albania	France	Peru	Serbia
Argentina	Greece	Philippines	Spain
Belgium	Guatemala	Poland	Switzerland
Bulgaria	Honduras	Romania	Tunis
Colombia	Italy	Russia	Venezuela
Finland	Monaco	Salvador	Yugoslavia
	Montenegro	San Marino	

The aftermath of World War I resulted in the official dissolution of the Latin Monetary Union in 1926, although some countries continued to strike coins according to its standards well into the 20th century.

### Development of the Euro

IN 1957 THE Treaty of Rome advocated the establishment of a common European market. The Single European Act (1986) and the Treaty on European Union (1992), also known as the Treaty of Maastricht) built upon this concept, subsequently forming the Economic and Monetary Union and laying the foundation for a single European currency. The European Council, composed of the heads of each member state in the European Union (EU), further developed the proposal and in 1995 adopted the name "euro" for the new legal tender. The European Central Bank was founded three years later to maintain price stability and establish a single monetary policy for the countries participating in the euro program.

It is clear that the concept behind the euro is anything but new. Its development was neither sudden nor the product of quick, short-term thinking. In fact, planning began well before most of the world was even aware of the currency's impending introduction.

Europe's mint directors sensed there would be much difficult work ahead of them. In 1991, some months before the Treaty on European Union provided the framework and legal basis for the common currency, the directors began meeting to prepare for a new era in coinage.

Participating in these vital discussions (dubbed the Mint Directors Working Group) was Chris van Draanen, who served as mintmaster of the Dutch Mint from 1988 to 1999. As such, he has first-hand knowledge of the planning, problems and decisions—on both technical and political levels—that formed the basis of this numismatic revolution.

### Euro Equivalents

NATION	EURO EQUIVALENT IN OLD CURRENCY
Austria .....	13.76 schillings
Belgium .....	40.33 francs
Finland .....	5.94 markkaa
France .....	6.55 francs
Germany .....	1.95 marks
Greece.....	340.75 drachmas
Ireland.....	.78 punt
Italy.....	1,936.27 lire
Luxembourg	40.33 francs
Netherlands	2.20 guilders
Portugal .....	200.48 escudos
Spain .....	166.38 pesetas



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At first, just 12 countries comprised the European Union: Belgium, Denmark, France, Germany, Great Britain, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. Austria, Finland and Sweden joined later and began attending the meetings. Van Draanen points out that at that stage, whether a country intended to participate in the eventual European Monetary Union (a different entity from the European Union) was not an issue. (Ultimately, Great Britain, Denmark and Sweden elected not to participate in the euro program.)

"Until 1994," he says, "there was no political mandate for the mint-masters' group. Our wish was to think about and discuss the technical aspects before a political decision was made. We were afraid that once that decision was made, we would have only about one year to do all our work," van Draanen explains.

"Our first task was to create an entirely new coin series which would be as different as possible from those already in existence." At the time, about 100 different coin types circulated in Europe alone, with more than 1,000 serving trade worldwide. Further complicating their mission was the fact that coins measured from 15 to 30mm, making it impossible, van Draanen says, "to develop a completely different coin series solely on the basis of diameter and weight."

Van Draanen mentions that the group envisioned using completely new materials, keeping in mind the needs of the vending-machine industry. However, the suppliers of coin blanks seemed to have no interest in pursuing research and development in this area. To this day, van Draanen finds that situation "unbelievable," considering the estimated initial demand for 300,000 metric tons of metal and an additional annual requirement of about 30,000 tons.

The first meetings also focused on the denominations that would be used, not an easy task given the wide disparity of practices in the member countries. For instance, Belgium had produced only five denominations, while Spain issued eleven. The value of the lower denominations sparked some debate. The majority voted for a progression of 10, 20 and 50 euro-cents. Therefore, says van Draanen, "The Spanish and Dutch had to say goodbye to their 25-value coins."

















































The mint directors finally settled on a series of nine coins, with the 5 euros being the highest value. A parallel working group concerned with paper money opted for a series in which the 5 euros was the note of lowest value. Ultimately, the euro coin series was composed of 1, 2, 5, 10, 20 and 50 eurocents, and 1 and 2 euros; the notes were denominated



**Chris van Draanen was mint-master of the Dutch Mint when plans for the euro currency were laid out.**



# Coins of Participating EU Nations .....

	<u>COMMON OBERSE</u>	<u>AUSTRIA</u>	<u>BELGIUM</u>	<u>FINLAND</u>	<u>FRANCE</u>	<u>GERMANY</u>
1 eurocent						
2 eurocents						
5 eurocents						
10 eurocents						
20 eurocents						
50 eurocents						
1 euro						
2 euros						



Coins shown 62% of actual size

GREECE

IRELAND

ITALY

LUXEMBOURG NETHERLANDS

PORTUGAL

SPAIN



COIN IMAGES COURTESY OF EURO COLLECTIONS INTERNATIONAL AND KEN HALLENBECK COIN GALLERY



## Edge Inscriptions on the 2 Euros

NATION	2-EURO EDGE INSCRIPTION
Austria	2 EURO ★, repeated four times, alternately upright and inverted
Belgium	2★★, repeated six times, alternately upright and inverted
Finland	SUOMI FINLAND, followed by three lion's heads
France	2★★, repeated six times, alternately upright and inverted
Germany	EINIGKEIT UND RECHT UND FREIHEIT ("Harmony and Right and Freedom") and the federal eagle
Greece	ΕΛΛΗΝΙΚΗ ΔΗΜΟΚΡΑΤΙΑ ★ ("Hellenic Republic")
Ireland	2★★, repeated six times, alternately upright and inverted
Italy	2★★, repeated six times, alternately upright and inverted
Luxembourg	2★★, repeated six times, alternately upright and inverted
Netherlands	GOD ★ ZIJ ★ MET ★ ONS ★ ("God Be with Us")
Portugal	Five coats of arms and seven castles, equally spaced
Spain	2★★, repeated six times, alternately upright and inverted

in 5, 10, 20, 50, 100, 200 and 500 euros.

Another discussion concerned the rotation of the die axis. Eight of the countries were accustomed to striking their coins with medal rotation (that is, the obverse and reverse designs have the correct orientation when the piece is turned side-to-side). The remaining seven countries preferred coin rotation (that is, the obverse and reverse designs display the correct orientation when the piece is turned top to bottom). The majority ruled, and all euros consequently exhibit medal rotation.

Edge lettering presented a problem for some countries, but those familiar with the practice lent their expertise. France proposed that all 2-euro coins carry the same edge design and suggested a simple, incuse pattern: the numeral 2, followed

by two stars, an upside-down 2, and another two stars. However, the Netherlands' minister of finance had indicated to the Dutch parliament that the country's motto, *God Zij Met Ons* ("God Be with Us"), would appear on its coins. When it was decreed that the edge design of the 2 euros was to be determined by the issuing country, the minister was able to keep his promise. Austria, Finland, Germany, Greece and Portugal also devised their own inscriptions. The other countries opted for the pattern selected by France.

Van Draanen notes that these issues were of little concern to political decision-makers when the Mint Directors Working Group made its recommendations in 1993. However, the choice of metals was controversial. Says van Draanen:

At the request of the most critical user of coins—the vending-machine industry—we decided to produce the 50 eurocents and 1 and 2 euros as "security coins," with exclusive metals and distinct electromagnetic properties. As a result of a German proposal, we decided on a two-color planchet with a 99-percent-nickel core. The blanks were expensive and patented, but the suppliers agreed to share the formula with other suppliers *for the production of euros only*. The French government vetoed the proposal. It turned out that no French supplier was able to produce this material. In retaliation, Germany vetoed bicolor coins.

The situation was resolved at the end of 1996 during a meeting between German Chancellor Helmut Kohl and French President Jacques Chirac. By then, French suppliers had the capability to produce the material, and the dual vetoes disappeared.



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DURING A DECEMBER 1996 summit of European leaders, the Swedish government rejected the entire series because the coins contained too much nickel.

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From the very beginning, the metal choice for the 1, 2 and 5 euro-cents was copper-plated steel because it was cost effective and durable. For the 10- and 20-eurocent coins, the group favored an alloy of 75-percent copper/25-percent nickel.

However, more problems soon arose. During a December 1996 summit of European leaders, the Swedish government rejected the entire series because the coins contained too much nickel. "Nickel allergy is a well-known problem in the Nordic countries," says van Draanen, noting that Sweden began to eliminate nickel from its coinage in 1991 for that very reason. One of its new issues was a 10 kroner made of a copper and aluminum alloy called "Nordic Gold," a material patented by a Finnish supplier. When Germany and France learned the difficulty of producing the alloy and using it to fabricate blanks, they voted "no," as did some of the smaller countries.



On November 20, 1998, in Vienna, officials of the Austrian Mint celebrated the striking of their nation's first euro coins. Holding a mockup of a 1-euro piece are Kurt Meyer (left), member of the Mint's Managing Board, and Dietmar Spranz, master and president.



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Subsequently, the directors found that one of the German mints already was producing coins in Nordic Gold supplied by a German manufacturer. They approved the use of the new alloy for the 10, 20 and 50 eurocents. Sweden withdrew its objections and agreed to the use of nickel in the 1- and 2-euro coins. The compromise worked for everyone: mints, politicians and the vending-machine industry.

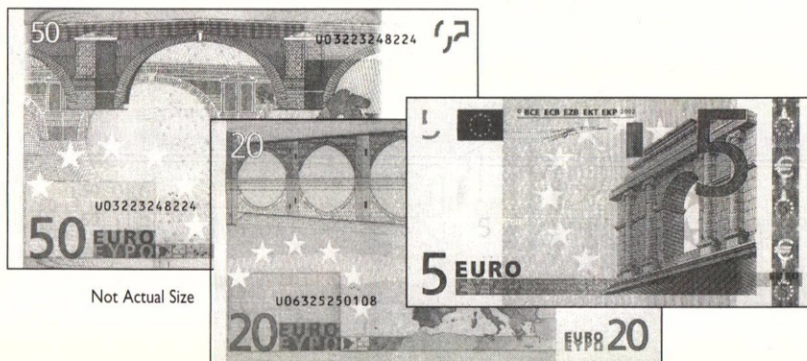
Van Draanen explains that the Mint Directors Working Group also met extensively with organizations for the blind and visually impaired. "Their representatives were very active because this was their one chance to create a coin series with tactile elements. . . . I admired their dedication and their tactics, which included producing sound position papers stating their objectives and establishing very good ties in the political arena. Whenever we said 'no' or 'impossible,' they said 'OK, then we'll go to the ministries in all the countries,' and they did!"

The group's final proposal was satisfactory, with the exception of the 2- and 20-eurocent coins, which needed to be made more identifiable. The objection to the 2 eurocents was overcome simply by placing a single groove along its edge, but the 20 eurocents was more complicated. Van Draanen recalls that the blind asked for a seven-sided coin—not possible since the vending-machine industry was promised that all the coins would be round. A holed coin was suggested but rejected, because

### Identifying Euro Notes

ALTHOUGH EURO NOTES carry common front and back designs, with no national identities, they are not printed by a central agency—each nation still prints its own paper currency.

Nevertheless, identifying the country of origin is easy: simply look at the letter in front of the serial number:



Not Actual Size

- L = Finland
- M = Portugal
- N = Austria
- P = Netherlands
- R = Luxembourg
- S = Italy
- T = Ireland
- U = France
- V = Spain
- X = Germany
- Y = Greece
- Z = Belgium



such pieces require more time to manufacture.

"So we produced a lot of different samples. One was similar to Spain's 50 pesetas and had seven indentations in its edge," says van Draanen. The blind unions accepted the compromise and agreed to the entire series. With satisfaction, van Draanen reflects, "Now after a few months of experience, you hear that the blind are able to use the coins, but they still have problems with the new bank notes."

Among the most interesting of all the deliberations were those concerning the obverse/reverse designs, and the dating. The mint directors proposed a common obverse and reverse for all coins. An alternative proposal took into account national feelings and suggested a common obverse with a reverse reflective of the issuing country. The final decision was made in the political arena in favor of the latter.

The production demands were enormous. In the Netherlands alone, an estimated 350 million coins were needed, about 20 coins for every citizen. "Producing this many coins would take three years, from 1999 to 2002," says van Draanen. "How do you date them?"

Placing the year of issue—2002—on coins made in preparation for their introduction was not acceptable. "Kings and queens are real people," van Draanen explains. "You hope, but can't be certain, that they will still be alive in 2002." The Netherlands was the first to decide to put the year of production on its coins, followed by Belgium, Spain, France and Finland. The other countries opted for the single 2002 date.

This practical solution proved to be a boon for coin collectors, who in almost half the countries issuing euros can collect two different types of coins dated 1999, 2000 and 2001. "In my opinion, this strange situation is something that has never been seen before," says van Draanen.

### Euro Commemoratives

COMMEMORATIVE COINS WERE studied by a special subcommittee of the Mint Directors Working Group. After years of debate, it remained impossible to find a common European philosophy regarding their production and use. Ultimately, it was decided that the issuance of commemorative coins was strictly a national responsibility and that they would be legal tender only in the country of issue.

IN ALL, THE 12 participating EU members have issued 96 coins. Non-participating members Denmark, Sweden and Great Britain may jump on the bandwagon later. In addition, non-EU members Andorra, Monaco, San Marino and Vatican City plan to produce their own euros.

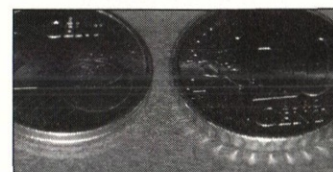
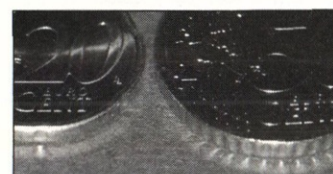
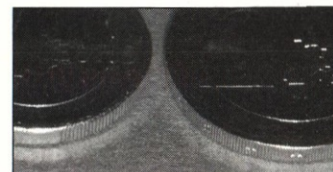
Van Draanen is not sure what countries will do in the future. "We will see," he said, "but I hope the collector of coins will be happy." •

*President of The Coin & Currency Institute, Arthur Friedberg is co-author of GOLD COINS OF THE WORLD. He currently serves as president of the International Association of Professional Numismatists.*



Countries participating in the euro program produced "starter packs" to acquaint commerce and the public with the new currency.

EURO COLLECTIONS INTERNATIONAL



The eight denominations of euro coinage feature six basic edge treatments. From top to bottom: 1 and 2 euros; 20 and 50 eurocents; and 2 and 10 eurocents. The 1 and 5 eurocents have plain edges.