

EUROPEAN MONETARY UNION (EMU) EURO AND ITS EFFECTS.

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ABSTRACT

This paper examine the European Monetary Union and the advent of Euro and its cost and benefits for the European community as well as on the world capital markets. Of course the benefits of European Monetary Union and the Advent of Euro will not confined to Europe but will effects on trading partners of the European Union as well as trade on the world.

INTRODUCTION

The desire for currency stability in Europe has deep roots. Currency instability in 1920s and 1930s reinforced that desire. The present European Union has precisely forty-one years of history behind it. In may 9, 1950 when Robert Schuman presented declaration, worded by Jean Monnet, containing the offer to set up a European Coal and Steel community provided a line of action for common European future. In 1957, the six members of the ECSC signed the treaty of Rome to found the European Economic Community (EEC). In 1962 the European Commission had got round to proposing a single currency. 1971 was the demise of Bretton Wood's system of fixed exchange rates. Following the demise of bretton wood fixed rates system, European rates were kept with in $\pm 1.125\%$ each other and $\pm 2.25\%$ of the US Dollar. (Table-1)

