

The BBC and “Europe” Introduction of the euro Survey January 1-8, 2002

An examination of the treatment of the issue of the introduction of euro notes and coins in Europe on the main BBC national news and current affairs programmes, based on the full transcripts of the relevant broadcasts.

Conducted by Minotaur Media for Global Britain

Contact:

David Keighley, Minotaur Media, 01273 734852, email david.keighley@btclick.com

Summary

During the period of January 1st – 8th the BBC broadcast over 80 separate reports on the introduction of Euro notes and coins in the following programmes alone – Radio 4's Today and PM programmes, BBC 1's Ten o' Clock News and BBC2's Newsnight.

These were recorded, transcribed and analysed for this survey.

An opinion poll, conducted at the end of January by MORI for Shroder Saloman Smith Barney, showed that the balance of opposition in the UK against entry into the Euro had fallen to 18%. This was the lowest recorded level since January 1999, down from the 31% recorded in October 2001.

The BBC's positive coverage of the introduction of the euro could well have contributed to this significant change in public attitude.

Although the BBC reports purported to give an objective overview of eurozone citizens' reactions to their new currency, in reality reports were biased, casting the currency and reaction to it in an unduly positive light, for which there was little (no) objective justification.

BBC correspondents on location, rather than their newsdesk anchors, were most at fault. Their reports:

- grossly over-exaggerated levels of enthusiasm for the new currency;
- seriously underplayed doubts and euro-scepticism;
- did not include enough facts and figures for the audience to make a balanced judgement;
- were too focused on the centre of capital cities;
- contained vox pops that had voices favourable to the euro in a ratio of 5:1;
- mixed political opinion with logistical practicalities;
- breached the BBC's guidelines on balanced reporting, particularly in the use of vox pops.

The reporting of the *political*, as opposed to the *public*, reception to the Euro notes and coins was more balanced, containing a range of views and opinions, with the rare (and isolated) inclusion of an eurosceptic voice from the Labour Party. But the effect of this was minimised by the paucity of the reporting. The items were too few and too limited to adequately address the issues involved. The Today programme on January 1, for example, contained only five directly political interviews (compared with more than 20 items on other aspects of the notes and coins). The political dimension of the event was treated as a lesser theme and overwhelmed by reporting of the public's reaction at midnight on New Years Eve – a traditional time for celebration.

In addition, although a range of political views were aired, the problems for the Labour party were played down or not explored as much as they could have been, whilst those for the Conservative party were played up and elements of the debate within the EU itself were missed altogether.

There is currently a debate within the BBC about making coverage of politics more interesting in order to engage audiences more. The evidence of this survey is that the Corporation is increasingly keen to mount 'colour reports' based on the often erroneous impressions of their own reporters, but less willing to get to grips with the real essence of the debate.

Ollie Wilson observed in the Press Gazette (February 1 2002):

TV journalists entering the brave new world of 'punditage' – the blend of punditry and reporting – risk confusing and misleading viewers. For the style muddies the waters between facts and guesswork, making it harder for viewers to form their own independent views on important issues.

This survey provided abundant evidence that this is true: in its haste and enthusiasm to push forward the opinions of its own staff, and to provide reporting that supposedly "engages" with audiences, the Corporation is sacrificing objectivity and depth of coverage.

INTRODUCTION

The enthusiastic tone greeting the euro was exemplified most in a special edition of the Today programme on January 1 in which a total of 22 out of 33 programme items were devoted to topics linked to the introduction of the notes and coins, with presenter James Naughtie in Paris to augment the sense of occasion.

The BBC reported that the logistics behind the introduction process went relatively smoothly – that banks and businesses dealing with the distribution had experienced few hitches, other than localised difficulties in drawing out cash and a lack of familiarity. A other few blips were also pointed out.

Whether the introduction was really as smooth as painted is hard to discern, because most of the reports came from the centre of the main capitals of the eurozone, in interviews with ordinary people and spokesmen for organisations wholly in support of the new currency, or with a vested interest in its complete success. The few reports from elsewhere – for example one from Greece on the Ten O’Clock news on January 2 where it appeared that the existence of the euro was scarcely being acknowledged by local business people – suggested that the picture outside the main areas might have been less smooth than that painted in the vast majority of reports.

The impression of a successful launch was magnified by the inclusion of several comments and opinions (again from people wholly in favour of the new currency) to the effect that, despite fears of ‘rounded up’ prices, this would not happen. Correspondents helped spread the message – mainly through interviews with those holding a vested interest in the euro – that prices would remain static or go down because of increased competition. At the beginning of February a European Union report confirmed that, in fact, inflation was likely to be higher in January and February than for some time. Journalists are not clairvoyants but, in this case, the views of interviewees suggest that the correspondents and programme editors had not been rigorous enough in finding people with a variety of opinions to discuss the issue. PM actually found one café owner who admitted to putting up his prices by 2% - a massive amount given the current level of annual inflation – yet this was neither picked up nor followed through by PM itself or other programmes.

The reports were divided into those which discussed the politics of the introduction and those that described the process, mainly through the observations of the BBC’s correspondents in the field, interviews with selected business people and through vox pops with what were presented as ordinary members of the public.

LOGISTICS

The main problem in coverage in the later category was that it came largely from areas where euro-enthusiasm was likely to be highest: the main cities of France, Belgium, Holland, Ireland, Spain and Germany, with subsidiary reports from Italy(1), Greece(2), Finland (1) and the isle of Reunion(1) . The reports were also mainly from central urban areas where the changeover was likely to be less of a problem because of the higher number of banks and greater awareness. It seems strange that, in its reporting of an event of this magnitude, there were, at most, only three reports from outside major urban areas.

Of the 57 vox pop soundbites and interviews included in the programmes covered by this survey, 28 expressed positive opinions on the introduction of the euro, 15 people expressed mixed views or neutral statements of fact and only fourteen people – five of them in one report from Greece – mentioned problems about the introduction of the notes and coins or gave a negative opinion about the euro. Those who were strongly negative amounted to just four. This compared to at least 20 vox pop statements strongly in favour of the new coins and notes. This was a glaring imbalance and appears to have been in breach of the BBC’s own producer guidelines:

Vox pop interviews do not even remotely indicate wider public opinion. Their value to programmes is to allow different sides of an issue in question to be expressed through the voices of the man and woman in the street. But the context should always make it clear that they are an expression of one side of an argument, not an

indication of the weight of opinion on either side of it. It follows that great care must be taken with vox pops on politics or matters of public policy to edit them in such a way as to ensure both sides of the issue are covered.

In this case, it seems ‘the issue’ – of whether people in Europe were welcoming or not the euro – was completely ignored in favour of a decision that it was open season for favourable comment. In the main news programmes over the period of the first week of the introduction of the euro, the ratio of positive to negative comment was almost 5:1. At no point did correspondents say how they had chosen their interviewees, or that their views might not be representative. The treatment of the vox pops is considered in more depth in Section 2.

This basic impression of imbalance was compounded because the reporters seemed to want to emphasise the sense of occasion. Paul Mason, for example, said in his report from Maastricht on Newsnight on January 3:

As the midnight hour approached, a giant inflatable euro tree blossomed into life. For once, the Ode to Joy seemed exactly the right tune.

Many reports on January 1 left the impression that there were big celebrations in several capital cities for the euro, suggesting, in turn, that there was huge enthusiasm for the new currency.

They had a massive party, tens of thousands of people turned up at a park in the centre of the city for a show that had specially-composed music, a sound and light experience and fireworks on the stroke of midnight. The nicest part, I think, was during the countdown to midnight, when laser beams that were picking out the names of the old currencies on a building had them disappearing off into the dark sky and then being replaced by the euro. (Angus Roxburgh Today)

This feeling of celebration was also reflected in bulletins, this from 6.30am on January 1.

The changeover was greeted with fireworks, music and laser shows in Brussels, Frankfurt and other European cities. In France alone, nearly 13 million euros – about £8 million was withdrawn from cash machines in the first two hours.

But it was not made fully clear whether the parties were for the euro or the New Year and, therefore, what people were actually celebrating. Correspondents themselves seemed unsure. For example, James Coomeramy, talking about the French and parties observed (Today):

They do it anyway and I think it’s quite significant that the French, who do like to throw a party when moments of historical significance come along, haven’t really thrown a euro party as such. We’ve had comments from president Chirac in his traditional New Year address, but really, apart from the Pont Neuf being turned blue, there hasn’t been much of a sense of a true occasion.

By contrast, presenter James Naughtie, who was also in France (in a sequence with Mr Coomeramy), claimed it had been “quite a party”, then adding:

everyone was rushing to a cash machine last night, there was a sense of occasion, a genuine excitement. A sense of peculiar new notes, a sense of change in the air (sic) especially among young people, a sense of breaking away from the past.

Rather oddly, Mr Coomeramy then agreed with this. He seemed to change tack to fit in with Mr Naughtie’s enthusiasm. It also seemed that Mr Naughtie wanted to push on the listener the impression that there had been a sense of excitement about the euro, despite what Mr Coomeramy had believed was the real nature of the celebrations – a near-normal New Year’s Eve party.

The feeling that this was a Europe-wide celebration was augmented later in the Today programme when Mr Naughtie said there had been “streets strewn with revellers”

And compounded by Angus Roxburgh’s assertion in the 8am bulletin that:

In Brussels at least, there seemed to be a general acceptance of the euro and an air of excitement over a currency that EU leaders say will usher in a new era of closer union.

Mr Naughtie then used a phrase about the introduction of notes and coins which was strikingly similar to words used in St Matthew to describe one of the central mysteries of Christianity:

The arrival of the currency that the fathers of modern Europe dreamed about are all symbols now made flesh.

On PM, later on January 1, the impression of celebration was continued. There was even less effort to distinguish what the parties had actually been for. This was from a bulletin:

Millions of people across Europe have been handling their new currency, the euro, for the first time. There were fireworks displays last night as members of Euroland celebrated the introduction of the new notes and coins.

This reporting over-emphasised the sense of excitement. Italy, for example, did not hold celebrations to mark the euro's arrival, but this was not mentioned on any of the monitored programmes. In fact, this rather significant point seemed only to be mentioned very briefly in a report by Angus Roxburgh a week after the launch (January 7) on the Radio 4 Six O'Clock News – a programme outside of the monitoring remit. It was then an incidental point in a report about the resignation of Italian Foreign Minister Renato Ruggerio. Even then, the statement made was erroneous:

Italy was the only EU country not to stage celebrations for the launch of the euro.

No mention then of Britain, Denmark or Sweden, and with Italy cast as the outsider, a further promotion of the notion of an homogenised Europe, united in its enthusiasm for the single currency. Another clear example appeared in an exchange between Sue MacGregor and a representative of a French postal workers' union carrying out strike action:

SUE MACGREGOR: Are you against the euro? Or is this about something wider than that?

KAREN ZIAL-MONTPPELLIER: Oh well no, nobody is against the euro.

SM: Well, not in France maybe.

Sue MacGregor was presumably referring to the UK in the later point, but she must surely have also known that it was not true for France either (as she implied it was): the most recent Eurobarometer survey suggested that support for the euro in France rested at 63% - a four percent drop from the poll conducted six months previously. However, when faced with such commentary, listeners could be forgiven for assuming that euro-scepticism on the continent was non-existent.

Certainly, there *were* parties in some locations for the euro, and no doubt many people were excited that it had arrived. Some rushed to cash machines. But the reports – from the locations in capital cities where the excitement was at its highest - did not differentiate enough between the normal New Year and the special celebrations. As such, the European Commission secured something of a PR coup (in which the BBC seemed completely complicit): traditional public celebrations could be easily transformed into 'euro welcome parties', thereby ensuring that the images of public exuberance and enthusiasm became intrinsically linked with the launch of the currency. The BBC Six O'Clock News on January 1 spoke of a 'spectacular euro party' in Brussels, and of how 'a million people gathered at Berlin's Brandenburg Gate.' A million people sounds, of course, very impressive, but research on the BBC's own website revealed that two million gathered in the same location for the millennium party two years ago. Rather than the supposition that 'some of the celebrations would have occurred anyway – a more critical line of inquiry might have questioned how many people would have attended a euro launch party held on a more neutral date.

The coverage described, in excited tones, the isolated pockets of people who did celebrate, but did not mention the millions who did not. The overall impression was that Europeans, throughout the eurozone, had celebrated the arrival of the notes and coins.

'COLOUR' REPORTS

The impression of enthusiasm was compounded by 'colour' reports from BBC correspondents in various locations within Europe. Several seemed deliberately to play up the level of support for the new currency. None sought to give viewers and listeners an indication of how many people actually were

against it. With only three exceptions (two on the Ten O'Clock News and one on PM), doubts about the currency were a subsidiary theme.

Flora Botsford in Madrid (Today January 1), for example, describing Spain's overall view of the euro asserted:

It's extremely enthusiastic and always has been in every Commission Eurobarometer reading, Spain is one of the highest countries. They have been very enthusiastic ever since its inception and there is very little nostalgia for the peseta, they are very keen to embrace this big new political experiment and very proud to be part of this very exclusive club as they see it.

Ms Botsford did not say what the precise Eurobarometer reading was and, upon further examination, her analysis was questionable. In the latest Eurobarometer survey (Autumn 2001), support for the single currency in Spain was actually only the seventh highest in the EU – around the middle of the scale of fifteen Member States. The BBC's own production guidelines warn against using statistical information in this way:

Statistics should be used or reported carefully and in context. It is extremely difficult to convey the context of statistical evidence in a few words, so programmes may need to find time to explain perspectives.

Here, no benchmark was given to allow listeners to judge the criteria for Spain being 'one of the highest countries', and the other side of the figures – that 31% of Spaniards polled by the European Commission were against the single currency, was not mentioned. Similarly, there was no evidence given to support her belief that there was 'very little nostalgia for the peseta'. This was questionable, over-generalised reporting.

Richard Lister in Dublin (Today, January 1) was equally as sweeping in asserting that there was not only enthusiasm for the euro, but also that this was more – it was anti-British:

...the Irish have taken to the euro very enthusiastically. I think they feel, like Spain, that this is a chance to embed themselves even more firmly into the EU. And I think there are other more personal reasons here in Ireland, because they feel that by getting rid of the Irish pound, they are moving a little further away from the UK sphere of influence...this is a chance to bypass Britain to some extent and move towards Europe .

Later in the report, he said that 86% of Ireland felt that it had derived some benefit from being a member of the EU, and appeared to dismiss the importance of a referendum last June which had rejected the terms of the Nice Treaty by a decisive majority. His tone was therefore very pro-EU. But these observations were different from the issue of the reception of the euro. On that topic, he provided no clear information about why he believed the level of support for the currency was so high and on what he was basing his evidence – other than talking to people in central Dublin.

James Coomerasamy – although earlier pointing out that the French hadn't really thrown a euro party – nevertheless asserted:

I do feel that people here feel that this is *the start of a new era*. If you look at the papers this morning, there is no sense of nostalgia for the franc, no sense of euro-scepticism if you like. People are seeing this as something for the future and yes it's a generational thing and I think that people here are very keen on it.

Later, on PM, Caroline Quinn put a different spin on events:

Citizens of the twelve eurozone countries have been united in a single purpose today: seeking out the best possible method of getting euro notes and coins into their possession. The new single currency has been much in demand.

And Angus Roxburgh added:

Last night saw an incredible rush to the cash machines as soon as the grand fireworks show was over. The European Commission said 600 transactions a minute were conducted at cash dispensers in Belgium during the first two hours .

This reporting was a statement of the obvious, using language to make it sound as if the ordinary was extraordinary. The listener was given no indication of what the normal rate of cash transactions on New Year's Eve would have been and therefore '600 transactions a minute' could have been exceptional or

unexceptional. Either way, it certainly was not ‘incredible’, and the use of such hyperbolic (and inaccurate) language underlined the problem. The figure was at best meaningless and, at worst, seriously misleading. Furthermore, Caroline Quinn’s assertion that the euro ‘was much in demand’ was tantamount to saying “people drank water today”, as those in many countries in the eurozone had *no choice* but to seek out the new currency if they wanted to continue buying things. This important fact was seemingly ignored in the interests of making the introduction of notes and coins sound an exciting, “incredible” and uniting event.

David Willey, reporting from Rome for PM (January 1), continued the impression that there was virtually no nostalgia for old currencies:

Here in Rome, Italians are preparing to take leave of their currency, the lira, which has depreciated by nearly seven thousand percent since it first went into circulation when Italy became a united country in the 1860s. So, few tears for the past and few regrets that they’ll no longer have to calculate in millions and hundreds of thousands .

Paul Wood in Athens introduced a minor element of doubt about the euro, but nonetheless, said that most Greeks were in favour:

They don’t think the replacement of Europe’s oldest currency, the drachma will go smoothly, but in the end they believe it will be a good thing for Greece. This is no surprise, as over the past few decades of its EU membership, Greece has received billions in subsidies from Brussels – although at the cost of implementing some tough economic reform.

The only reports in which BBC correspondents suggested in the texture of a report as a whole that there might be a degree of negativity about the euro was on the Ten O’Clock News on January 1 and January 2. In the first, Evan Davies observed:

New Year, new era in Cologne. Its cathedral has seen quite a few, but at the moment feelings are quite half hearted. The country’s in recession, and almost unanimously forecasted to grow by less than 1% this year, and that ‘one size fits all’ economic policy of the euro isn’t helping.

And, in the second, John Sopel said that:

... forgetting about the franc is easier said than done for those above a certain age. The euro is accepted but not yet fully embraced.

But these were the exceptions, and their inclusion underlined the strength of the pro-euro sentiments expressed in other reports. In addition, John Sopel’s report suggested that the division was mostly related to age, rather than belief – a loaded overtone that those who were not in favour of the new currency were perhaps too senile to accept it.

A hallmark of almost all the reports in this ‘colour’ category was that there was little (and mostly no) effort to bring euro-scepticism into perspective (or even into the picture) and even less to present to viewers and listeners the extent to which nostalgia was colouring the big break with the past. There were passing mentions of nostalgia and hints that the Franc and the D-mark would be missed and abundant mentions of actual or feared glitches with distribution. But at no point in these reports did the BBC correspondents explore in any depth the underlying feelings, or focus on figures about the extent of euro-scepticism. The impression was created that the new currency was being mostly welcomed. This was compounded by the use of vox pops which were, as previously stated, 5:1 in favour of the new currency.

Business Opinion

A third component of the reporting of the advent of the notes and coins was the gathering of reaction of businesses and businessmen. It is striking that the people chosen for these interviews were mostly wholly in favour of the new currency and/or had a vested interest in seeing it work. One or two reservations were expressed – notably a café owner in Paris predicting chaos because of a shortage of euro coins – but these were minor points.

The most questionable sequence – in terms of its eulogising of the euro - was in the Today Business News on January 1. It opened with presenter Greg Wood observing:

and euro-creep has already started – British companies welcome the new notes and coins.

Mr Wood then questioned the governor of the Bank of France, Jean-Claude Trichet, who said, predictably, that his machines would meet the demand for notes. He was then asked for his personal views about whether the British would join:

And do you think that having the actual notes will persuade more of the British people that this is a course they should take [joining the euro]?

JCT: I think so... the people will see that that we are more united than we thought before, than we realised before. We will see that we are very close and it seems to me this will have a decisive influence on the people in the UK and in Europe .

Greg Wood did not seek to challenge this perception. The problem with this piece was that he mixed description of the *process* of the introduction of the euro (on which the governor of the Bank of France had an important, if one-sided, perspective) with an interview on the *politics* of the event. It was not made clear why Mr Trichet's political views were relevant in an interview about the logistics of the introduction of notes and coins. This came across as an unchallenged piece of propaganda for the euro.

The next interview was with John Guy, operations director of France Telecom, who was asked about the issues that had arisen during the conversion of his company's accounting procedures from the franc to the euro. Mr Guy pointed out that the process had cost 100m euros, a controversial and relevant nugget for a British audience contemplating the pros and cons of joining, but he was not questioned about it further. Instead, the interview moved into less meaty territory and Mr Guy was able to put across his pro-euro views, asserting that he believed it would be welcomed because it would allow people to travel more easily. This, therefore, fell into the same trap as the previous interview in having a spokesman qualified to speak about logistical business issues straying – unchallenged – into areas of opinion about the desirability of the euro.

Later in the programme reporter Michael Buchanan presented a report which was angled at showing how the French were dealing with the logistics of the new currency. It focused on Michel Bignon, a café owner. Mr Buchanan first described Mr Bignon's establishment:

Quintessentially French, you might say, the sort of place you'd think would regret the loss of the franc. Not for a moment.

PHILLIPE BIGNON: We must make a confederation like the United States, because in economy you have United States, Europe, Asia.

This was opinion about the euro, not the logistics of its introduction and, as such, the view should have been balanced in some way, or challenged. It was not. Instead it appeared to be yet more propaganda for the euro. The item was not live and the opinion sections could have been edited out. But Mr Buchanan's editorial slant was amplified still further in his final comment:

Walking up the Champs Elysee with its sparkling Christmas lights, towards that most French of national monuments, the Arc de Triumph, you get the feeling that this is a country very much at ease with this latest engagement with Europe...For people here, the euro has got little to do with loss of sovereignty or European Superstates. It's about money, pure and simple.

This was highly questionable opinion, apparently deduced from the views of one café owner.

By contrast to each of the interviews above, Today carried towards the close an interview with an owner of a bureau de change which stuck entirely to the logistics involved and imparted useful information to listeners about the time frame within which they would be able to change their francs. It stood out for precisely that reason.

On PM, also on January 1, Patrick Barlett in Frankfurt continued to give business people, whose precise background was unclear to listeners, an unchallenged platform for their pro-euro views. He interviewed Ulrich Beckman, an economist at Deutsche Bank, asking him how prepared Germany was for the euro:

ULRICH BECKMAN: I guess very well prepared in the end. I mean, most people who were previously not in favour of the euro have changed their minds, I think that most people were in a festive mood yesterday and still probably today. Also I checked the ATM machines, they are working, the shops they are accepting euros as well as marks for the time being, so I guess everything went very smoothly.

Mr Bartlett later asked:

One thing that most Germans fear above all else about this changeover is that it'll be used to push up prices, as retailers round up to a higher value in euros. How big a risk do you see here for inflation?

UB: I see a very, very limited risk, because retailers saw the euro coming and they have adjusted their prices accordingly in the course of the last year. And also we should not forget that competition is very fierce in the retail sector.

PB: Okay, finally, you're an economist. Britain is staying out of the euro – what's your view? Should we join?

UB: I guess you should. The euro can live without Britain, but if the Britons will see that the euro is something good, they will decide in the end to join. I would expect this to be the case in the, let's say, ten years at least.

The interview gave listeners the views of a leading German banker about whether inflation would be caused by the introduction of notes and coins. Less legitimately, it also gave Mr Beckman the opportunity to the platform to put across that “most Germans had changed their minds” about the euro and his view that Britain should join. As an economist, he was entitled to hold such views – but they should have been balanced with other opinion. They were not.

This approach continued on PM on January 2, when Caroline Quinn asked a Paris café owner how the introduction of the euro had gone. He responded:

Well, when I used to live in the UK I used to be very against the euro, and I would say for some very macro reasons: it probably could be a flawed concept to have a monetary union without a political union. But from a practical level and from being a retailer and consumer, I think it's a good idea. I mean, I travel a lot to Holland and Belgium, France – and now I won't have to change cash in order to be able to spend it there. I can keep whatever I take out of cash machines and bring it back and spend it here. And for that it's a good thing, and for price comparisons, it's an excellent idea. I know that the UK is still very against the euro and wants to keep the pound, but let's see what happens in the future.

CQ: And can you guarantee all your customers that you won't secretly raise the prices?

TB: We have raised our prices a little bit. We've used this for the very, very selective re-pricing of items and we've rounded the rest of the prices just a little also – maybe 2%.

Here, the café owner was slightly circumspect in his support for the euro, but his overall drift was that the euro was “a good idea”. And Ms Quinn, as previously mentioned, made little effort to pin down or expand upon the second point, that he had put up his prices by 2% - which was surely a significant argument *against* the euro.

The overall problem of this reporting was the one-sided nature of the opinions expressed. In the items broadcast, there was not a single business person who expressed reservations about the euro, apart from on relatively minor details such as whether there would be a shortage of coins or whether their staff could cope. Not one of the interviewees in this category appeared to be a euro-sceptic. The overall impact – when combined with the pro-euro sentiments in the vox pops and the opinions expressed by BBC correspondents – was overwhelmingly that the euro project would bring benefits, and that it was only a matter of time before Britain would join.

POLITICS

Overall, the political interviews conducted during the introductory phase of the euro, contained a variety of views from across the political spectrum. The range of opinions expressed went a small way towards redressing the problems outlined in Section 1. But they did not create balance.

The political interviews were a minority part of the coverage – four interviews on the January 1 edition of Today, with one each on the subsequent days, two in total on PM, and none on Newsnight or the Ten O’Clock News, though in the latter, several soundbites were included.

Those interviewed or used in voice extract included, on an official party spokesmen level, Michael Howard (twice), David Davis (soundbite) and Bill Cash from the Conservative party, Peter Hain, Jack Straw (soundbite), Tony Blair (soundbite) from the Labour party and Charles Kennedy and Vince Cable from the Liberal Democrats (both soundbites).

Other politicians interviewed included Norman Lamont, John Major and Sir Edward Heath, from Conservative ranks, Frank Field from Labour, and Ken Jackson and Bill Morris from trade unions. Dominic Cummings, the spokesman for Business for Sterling, was the sole representative from a euro-related pressure group.

Also drawn in were a number of EU and European political figures: Romano Prodi, the chairman of the Commission, French Europe Minister Pierre Moscovici, the Swedish prime minister Lars Danielson (soundbite), Pedro Solbes, the Commissioner responsible for the introduction of notes and coins, and Bob Lasagne, a senator in Italy.

From the business community, in formal politically-based interviews (as opposed to the logistical ones described in section one), there were a variety of voices including the europhile Sir Richard Needham, the former Tory minister and deputy chairman of Dyson, and Tim Martin of Weatherspoons. Soundbites were included from Sir Stanley Kalms, the chairman of Dixons, and Jack Murphy of the Newry town centre management committee. Commentators Peter Hitchens and Anne Elizabeth Bouteille were also interviewed in a robust interchange about the pros and cons of the euro. .

The principle issue about the political coverage was its limited nature.

Andrew Marr (Today January 7):

Well that’s right. I mean, I think if we’ve learned one thing, Jim, in the first few days of the new political year, it’s that this government is not going to get through to a euro referendum united. There is a clear division between those Ministers, people like Charles Clark, Robin Cook and the rest who are pushing very hard now to get some momentum for a referendum this year, and are admitting that it’s a political matter; and those, above all in the Treasury who are trying to hold them back. That tussle is now absolutely open, and it’s going to get worse not better.

This verdict by the BBC’s political editor on the first week on the euro was emphatic. Yet the coverage in this survey explored this point only superficially.

Today itself, for example had spoken only to:

- ❑ Peter Hain, who had said that he could not imagine that the UK could stay out of the euro – remarks widely interpreted as being a signal that the government attitude towards joining the euro was becoming more enthusiastic
- ❑ Frank Field, a euro-sceptic MP, who had called for an early referendum and had warned that if it did not, it could face defeat at the next election.
- ❑ Bill Morris, the trade union leader, who had warned the government not to hold the referendum and to concentrate on public services
- ❑ Dominic Cummings of Business for Sterling, who had discussed claims by Gus O’Donnell, a treasury official, that the entry to the euro would be decided on political, not economic grounds.

This was the only coverage of this strong political story. Some of it opened up interesting new angles and insights, for example, that there was a euro-sceptic wing of the Labour party (something not mentioned in an earlier Minotaur survey of the BBC’s coverage of the general election in 2001). But, overall, it was very limited. There was not a single exploration by interview of the divisions between ‘Charles Clark, Robin Cook and the rest’ mentioned by Mr Marr, nor did they or any other senior

Labour party figure apart from Mr Hain appear on the programme (in 17 hours of transmission). By contrast, the story was running in newspapers very prominently, with most titles, both europhile and eurosceptic, discussing, as Mr Marr had done, the possibility of cabinet splits. In general, Today keeps away from the wider ranges of speculative political stories in preference for genuine developments where the people involved can be directly challenged and pinned down. But there was a major paradox here. The BBC's own chief political correspondent acknowledged that this was perhaps one of the most important stories to have emerged during the first week of the euro. Yet discussion of it on Today, its flagship news and current affairs programme, was confined to four interviews. Elsewhere, Jack Straw was interviewed on World at One, with extracts included in PM, about his reaction to Peter Hain's remarks on Today, and claimed that, in fact, government policy had not changed. But overall it seemed that there was a reluctance to engage in one of the most controversial aspects of the euro. A further indication of this was the length of time devoted to these political issues. In general, the politics was relegated to second place in favour of 'colour' reports by correspondents.

The issue of Tory splits was aired more. Only one Labour figure was tackled on the theme of the government's problems in this area, but the Conservatives were tackled twice. John Major was interviewed on January 3 in the 'front page' 8.10 slot. The main purpose of the interview was to show that Mr Major's approach to the euro differed from that of the shadow cabinet because he would not rule out joining forever. And in a PM interview, Bill Cash, the shadow attorney-general, described prominently as a "Maastricht rebel" (a dispute of 10 years ago!), was told that his party still faced "big problems with the euro".

The topic of Tory splits – real or potential – was a legitimate area of investigation. But the focus on them was disproportionate.

Exploration of the views of politicians from other EU countries was also limited. There were just three interviews with leading figures from European Union. They were aimed at establishing their views on the longer-term implications of the introduction of notes, and whether Britain should join the euro. Romano Prodi, for example, was interviewed as a preface to that with Bill Morris. Mr Morris then used Mr Prodi's observations, that he hoped the UK would join the euro, as a springboard to say that the government should concentrate on other matters. Likewise, the remarks by Pierre Moscovici, the French minister for Europe, that Britain could not have full influence in Europe without joining the euro, were the route into the interview with Peter Hain, who was asked initially his reaction to Mr Moscovici's claims.

Both these interviews of leading figures from the European Union were short and restricted in the territory they covered. James Naughtie treated both as an opportunity for the two men to put forward their basic views – they were not challenged (in the way, for example, Peter Hain, John Major or Bill Cash were). [???]The same applied to Pierre Solbes, the commissioner responsible for the switch-over, who was interviewed on PM on the second day of the launch. The questions to him related mainly to the process involved.

Treatment of the political row in Italy over the resignation of foreign minister Renato Ruggiero –amid fears that the Italian government was striking a more eurosceptic stance – was confined to a brief mention in bulletins and one interview on Today, with senator Bob Lasagne, said to be a close associate of prime minister Silvio Berlusconi. This was limited coverage of a story that showed that the undercurrents at play in the introduction of the euro were not all favourable and more complex than had been portrayed elsewhere in the coverage.

The political discussion and analysis of notes and coins was inadequate, given the range of issues and controversy involved. The event of January 1 was an opportunity to explore fully the aims and direction of the policy towards the euro. It was not taken. Audiences were left in no doubt that both Mr Prodi and Mr Moscovici saw the introduction of notes and coins as the start of a much wider process of integration, but they were scarcely challenged about this. It was also disappointing that there was no effort to include European politicians who had a differing view of the euro project – for example, a politician from Denmark or a (relative) sceptic from Germany. The effect of the omission was to suggest an over-simplification of the debate about the euro – that it was divided between "Europeans"(in favour of greater integration) and the British (doubtful, with the government keen on joining but anxious to downplay the pace of integration). The euro debate is much more complex than was portrayed.

Overall, the coverage of the political dimension of the introduction of notes and coins took a second place to the reports outlined in sections 1 and 2 which analysed the process. This was an important peg to explore and challenge views about the direction of the euro project. While a range of views were aired, the problems for the Labour party were played down, those for the Conservative party played up, and elements of the debate within the EU itself were missed altogether.

There is currently a debate within the BBC about making coverage of politics more interesting in order to engage audiences more. The evidence of this survey is that the Corporation is increasingly keen to mount 'colour reports' based on the often erroneous impressions of their own reporters, but less willing to get to grips with the real essence of debate.

Ollie Wilson observed in the Press Gazette (February 1 2002):

TV journalists entering the brave new world of 'punditage' – the blend of punditry and reporting – risk confusing and misleading viewers. For the style muddies the waters between facts and guesswork, making it harder for viewers to form their own independent views on important issues.

This survey provided evidence in abundance that this is true: in its haste and enthusiasm to push forward the opinions of its own staff, the Corporation is sacrificing objectivity.

Part 2: Public Voices and the Launch of the euro

A total of 101 people were asked their opinion by the BBC on the launch of euro notes and coins, during the week of monitored television and radio output. Their responses were used in programmes as interviews, as soundbites, or incorporated into montage sequences.

Twenty-four of these contributors were from British or European politicians. Twenty-five others contributed to the debate in a professional capacity, for example, financiers, union leaders, company directors or journalists. But the majority – some fifty-two contributors in all – were ‘ordinary’ people, with no existing media profile, chosen to represent the views and attitudes of the public at large.

The use of vox pops in television and radio news is fraught with difficulty. Crucially, vox pops lack the scientific rigour of opinion polls: it is virtually impossible to secure a representative sample of a population using such methods. In the news narrative, the vox pop respondent becomes the personification of ‘public opinion’ itself, with journalistic convention dictating that they often appear unnamed. Yet this is fundamentally illusory, the ‘ordinary’ people are giving responses based on their own social background and political sympathies, which are rarely solicited by the reporter, or made clear to the audience.

Methodology for the selection of respondents is rarely made transparent – for example, we may be told that interviews took place in a shopping centre or café, but rarely *why* this place was selected. Furthermore, the ‘random’ selection of respondents has an element of self-selection: those who wish to give an opinion when faced with a microphone rather than decline or hurry past. The question asked is also important, yet in many vox pops this is edited out in post-production, which means the audience can only surmise whether the initial inquiry was neutral or loaded. In the reporting of the euro, the sample was further skewed by the propensity to include respondents who spoke English – there were few translations – something that could have implications for the education level or social class of the respondents.

Of course, the impact these variables have on the responses garnered by journalists is unknowable. But opinion polls (for example, the European Commission’s own ‘Eurobarometer’ poll) consistently demonstrate that age, gender, social class, political outlook and nationality do have a bearing on attitudes to the European Union and the single currency.

The BBC’s own guidance notes for Producers, a central plank of their commitment to ensuring fair and impartial coverage, demonstrates an understanding of how problematic vox pops can be for issues of balance:

Vox pop interviews do not even remotely indicate wider public opinion. Their value to programmes is to allow different sides of an issue in question to be expressed through the voices of the man and woman in the street. But the context should always make it clear that they are an expression of one side of an argument, not an indication of the weight of opinion on either side of it. It follows that great care must be taken with vox pops on politics or matters of public policy to edit them in such a way as to ensure both sides of the issue are covered.

(BBC Producers’ Guidelines)

In a sequence of stories that relied so heavily on vox pops, it seems curious that journalists and production staff did not heed these warnings. As the monitoring progressed, it became obvious that both sides of the issue were not being covered to the same extent.

Comments made by the various vox pop interviewees were analysed and coded. Of the fifty-two vox pop soundbites and interviews, twenty-nine expressed positive opinions on the introduction of the euro, twelve people expressed mixed views, or gave neutral statements of fact, and only eleven people gave a negative opinion on the introduction of the notes and coins.

As such, listeners were almost three times as likely to hear a wholly positive opinion on the introduction of the euro than a wholly negative one.

Issues of Qualitative Balance

When broken down further, the range of negative opinions expressed were limited, and fell into three distinct categories. Five comments related to the practical aspects or logistical problems of the changeover, for example:

TIM MARTINS (Wine Bar Owner) There is a major problem with the change. It's a bit like looking down the barrel of a shotgun in that all of this stuff is basically new, it looks like Monopoly money. Tomorrow when business reopens, it's going to be chaos." (Today 1st January)

Another five featured expressions of nostalgia for former currencies, for example:

UNNAMED SPEAKER: I prefer to keep, and sincerely to keep our franc, because we have a history about that and we have value, I heard somebody say, that it was six hundred years ago of history about franc (*sic*). (Today January 1st)

And one speaker expressed her opposition to the single currency, but expressed no solid reason for these feelings:

UNNAMED SPEAKER: They're pretty straightforward; they don't look any different from just a normal currency really, do they? I can't get my head round that – I really don't want it to change – I want it to stay the same. (PM, January 1st, 5.54pm)

By contrast, the positive statements offered a much greater range of opinion, falling into eight distinct categories. Of the twenty-nine vox pop interviewees who gave positive comments on the euro, nine remarked on the benefits for those travelling between euro zone countries, or said that they expected to spend euros in Britain; five commented upon how easy the new notes and coins were to use; five spoke of increased European unity, or greater political power for the European Union; three spoke of the benefits of the euro for business; two said that people would soon become accustomed to using the new notes and coins; two encouraged the UK to join the euro; two said the euro was generally a good thing, but gave no specific reason, and one person commented positively on the physical appearance of the notes and coins.

From this evidence, it is clear that those speaking against the euro gave offered a limited range arguments, relating very much to the practical difficulties they were facing due to the changeover, or their own sense of sadness at the passing of their national currencies. It is notable that none of the speakers spoke of economic or political reasons as to why the change was a bad thing. However, those speaking in favour of the euro tended frame the issue in a wider political and economic context, not restricting their comments to their own feelings, but discussing the wider benefits to travellers, business and the EU as a whole.

The reasons for this difference remain unclear, although much could depend on the questions asked by the interviewer. If interviewees were asked a question on their personal feelings towards the euro, or their difficulties in coping, it follows that the response is more likely to be anecdotal than if they were asked about wider political or economic implications. However, with the initial questions being left out of the edit in many cases, it is difficult to test this hypothesis.

Whatever the reasons might be, there was a clear qualitative difference the arguments and comments expressed for and against the euro. While journalists have no real control over the comments given in a vox pop, they do have an obligation to ensure that all sides of the argument are equally weighted. In this case strong political arguments for joining the euro were pitched against more simple expressions of confusion or nostalgia and thus it is questionable as to whether a qualitative balance of public opinion was reached.

The Balance of Opinion within Reports

The aforementioned guidelines for BBC Producers notes that 'care should be taken to ensure both sides of an issue are covered.' However, five of the eleven negative responses were confined to a single

report (BBC 10 O'Clock News, 2nd January, at 10.26pm), the majority appearing in a segment that looked at the logistical problems being experienced in Greece.

Thus, public voices expressing unease at the introduction of the euro were spread thinly across reports, programmes and channels. Due to the overall imbalance between the numbers of positive and negative vox pops, it followed that some reports featured only positive sentiments towards the euro – a practice which appears to be in direct conflict with the BBC's own official guidelines.

Today Programme

The first major example of this came on the Today Programme, 2nd January. In the preamble to an interview with Sir Ken Jackson and Labour MP Frank Field, correspondent Mike Thompson interviewed Eurostar passengers arriving at Waterloo Station. Each of the four respondents spoke enthusiastically of how they had brought euros into Britain, and how they were confident shops here would accept the currency. For example,

MIKE THOMPSON: I understand you have come with some euro notes and coins?

EUROSTAR PASSENGER 1: Oh yes, one five euro, it's beautiful.

MT: Are you expecting to spend them here?

EPO: Of course!

The problem here is that this montage presented four people giving just one particular viewpoint, and there was nothing to counter this. We did not hear from passengers who *had* changed their currency into sterling, from those who would be using credit cards, from consumer representatives concerned about the high surcharge on such transactions, or from store managers maintaining that only a very small proportion of their business is in foreign currencies. If *every* speaker in the vox pop was expecting to spend their euros in Britain, then the listener could only surmise from this that *every* passenger on Eurostar was doing the same. Because the methodology of the vox pop was so opaque, it was impossible to tell how many people were interviewed in order to gather this set of responses, and how many people gave responses that did not fit into this artificially constructed consensus.

Had the subsequent interview been with the eurosceptic Minister Frank Field alone, then perhaps the decision to incorporate this sequence might have been editorially justifiable. However, the following segment was already internally balanced with equal time given to pro-euro union leader Sir Ken Jackson. What is more perplexing is that the two men were interviewed on the timing of the UK referendum – and the question of 'euro creep' was never mentioned. Therefore, the opening sequence operated in isolation from the main feature, and its central premise passed unchallenged.

Newsnight

On January 3rd, in its first edition of the year, Newsnight delivered its only feature on the introduction of the euro: a report from Holland by Paul Mason, covering the three days between New Year's Eve and January 2nd. The report featured four vox pop interviewees, each expressing positive sentiments towards the euro.

The first speaker was a Belgian bank worker, introduced by Paul Mason as being 'another one with big ambitions for the new money'. The Belgian man looked forward to a time when oil is paid for in euros as well as dollars, and said that when that moment arrives, 'the European Union will be something really big in the world.'

Next, a Dutch woman selling a euro-coin collectors game was asked first if she was worried that the introduction of the euro would mean a political union with Europe, and also if she had concerns that Holland was losing control over its own economy, she replied with a simple 'No' to both statements. She was then asked what she would say to people in the UK about going into the euro, to which she

exclaimed, 'Well, I heard today, I read in the newspaper that you're really over-thinking it. So join the euro!'

The third vox pop was perhaps the most intriguing response as it differed so greatly from the viewpoints generally aired. It arrived by way of a young Dutch skinhead who delivered an extreme pro-European view using fascistic language and a Nazi salute:

SKINHEAD: Ein Reich, ein euro! European Supremacy! Better than the United States of America, better than Asia, better than Russia! Europe has to be number one!

However, aside from his brief introductory comment, in which Paul Mason explained, 'we got an earful of some alternative, more disturbing views of what the euro currency really means', no further commentary was offered, and Mr Mason hastily moved on to the next vox pop: "Finally, we found a friendlier crowd, and a cash machine that was working."

This 'friendlier crowd' included an unnamed man who was questioned on his feelings towards the euro. He said that although it was a strange feeling to lose the guilder, 'it is time to say goodbye and hello to the new currency'. When questioned on the euro's decrease in value by 25% since launch, he expressed some worries, but hoped that Wim Duisenberg's expectation of a greater equality between the euro and dollar was well founded. The final question, on further European political integration, garnered the following response.

VOX POP MALE: It doesn't worry me that Europe has to become more integrated politically, it doesn't worry me at all. But it really should.

Although ending on a somewhat mixed note, the speaker generally offered pro-euro sentiments – if a little restrained. His comment 'But it really should' might have been questioned further in the commentary, but again Mr Mason had moved on, "The euro is here, after a lot of fireworks, and a lot of banging and a lot of drunk people, welcome to the euro."

The report also featured contributions from two other speakers: a Dutch bank spokesperson and the managing director of a multinational ceramics firm. Although these speakers were unknown to a British audience, they were not considered vox pops for the purpose of this analysis as they were speaking in a professional capacity. However, it is important to mention them here as both spoke in very positive terms about the introduction of the euro. The bank spokesperson spoke of the euro launch celebrations, and of how the single currency would make travelling between countries easier; the managing director spoke of the benefits to his business.

As such, the four vox pops were not used to balance the words of eurosceptic or anti-euro speakers, but only to augment an already positive report of the euro's launch. Although some pertinent eurosceptic questions were posed to the vox pop interviewees, the brevity of their contributions meant opportunity to push them on their comments was sorely lacking. Furthermore, the commentary itself did little to quell the overall sense of euro-enthusiasm, at times Mr Mason himself appeared caught up in the fervour:

PAUL MASON: As the midnight hour approached, a giant inflatable euro tree blossomed into life. For once, the Ode to Joy seemed exactly the right tune.

PM

On January 5th, Radio 4's PM delivered a short retrospective piece looking at the week since the launch of the euro notes and coins. The report by correspondent Jonty Bloom featured four vox pops, and again, each of them expressed wholly positive sentiments towards the euro:

VOX POP FEMALE: I think that it brings the countries in Euroland, it brings them closer together.

VOX POP FEMALE TWO: I think at the beginning there will be many problems, but of course I think it's a good thing.

VOX POP MALE: Tomorrow in Holland, we're going to use money we picked up in Belgium today. And then we'll be in France again, the day after and again it'll be the same money. It's magic, I mean it's just got to be the way to go.

JONTY BLOOM: And for the owner of the coffee shop, it's just a matter of common sense.

COFFEE SHOP OWNER: It makes things much easier for people, and for us actually, we don't have to take into account currency exchanges and so on, so I think it's a good thing, we're very much looking forward to it.

As in previous BBC reports, no sceptical or anti-euro voice was included to balance these viewpoints. Instead listeners heard from Wim Duisenberg who had purchased a Big Mac and strawberry milkshake in euros, in an attempt to demonstrate that the price had not been increased during the changeover. Although Mr Bloom did mention long queues in Italy and shopkeepers annoyed at customers paying for items using large denominations of old currency, this did little to stem the tide of euro-enthusiasm from external speakers: the report ended with EU spokesman Jonathan Faull, talking of wider challenges faced in making the European economy competitive and prosperous.

PM listeners were thus offered a report with six positive viewpoints on the single currency, and not a single negative one, a report which again demonstrated a clear disregard for the corporation's own production guidelines on the use of vox pops.

Conclusion

News coverage of the introduction of euro notes and coins attempted to report public opinion without providing audiences with any firm or exact measure. Vox pops were used consistently throughout the week, but the results of opinion polls were rarely mentioned. This resulted in an entirely impressionistic view of public attitudes to the euro, and ensured the real breadth of feeling towards the single currency, across the UK and European Union was never fully conveyed.

While the single currency is undoubtedly much more popular in the eurozone countries than it is here in Britain, this does not excuse the fact that there were more vox pop interviewees espousing the virtues of the single currency than those expressing concerns. Ultimately, the coverage of the introduction of the euro was covered in such detail by the British media because of the pressing constitutional implications for Britain, as the country moves towards a referendum.

Therefore, both sides of the issue ought to have been given equal weighting in terms of numbers, and a qualitative assessment made to ensure that contributions made by the general public to both sides of the argument were fair and balanced. This did not happen, and illuminates clear failings in the way public opinion is used by broadcasters in relation to the single currency and wider European matters

PART 3: LOG OF COVERAGE

JANUARY 1

Today

6.00 bulletins

This was as follows:

More than 300 million people in twelve European countries are getting their first sight of the euro notes and coins that are now their common currency. From midnight last night, cash machines started to give out euros. In France alone, £8 million was withdrawn in the first two hours. There is some unease about whether the euro will prove a workable successor to the national currencies it will replace. Nonetheless, there were fireworks in many capital cities to celebrate the changeover, which is being described as the most ambitious currency change in history. Our Europe business correspondent Patrick Bartlett reports.

PATRICK BARTLETT: The euro, in its tangible, spendable form is finally here. The switchover to the single currency will be a gradual process. Both the euro and the countries' old currency will be in dual circulation for some weeks yet. Retailers and other traders are supposed to display prices in both currencies during this period. But inevitably there will be confusion and delays. Moreover, many consumers fear the switchover will make goods more expensive, as businesses round up converted prices to a neat euro equivalent. But most economists expect the impact to be minimal – not least because inflation generally is falling. Consumers' fears are also contradicted by surveys suggesting many businesses fear the euro will hit their profits, by creating greater competition.

Commentary: This suggested at the outset that there was a rush for the euro, with £8m of notes drawn in France. Without proper context, this was a meaningless figure – what would have been the total of notes drawn on another New Year's Eve? It was also said that the currency had been greeted with fireworks in many capital cities – though there would have been celebrations anyway, as it was the New Year. The link mentioned some “unease” about the new currency, and Patrick Bartlett said that confusion and delays were inevitable, also mentioning consumers' fears about a rise in prices. But his analysis gave the impression that these were unfounded.

6.07 Naughtie – Roxburgh interview

Mr Roxburgh agreed with Mr Naughtie that the euro had been greeted with a “bit of excitement”, then saying that Brussels had put on a “bit of a show for the introduction of the euro”, a massive party – with specially composed music and a sound and light experience - which tens of thousands had attended. He said the “nicest part” had been the countdown to midnight when laser beams picked out the old currencies on the side of the building, disappearing one by one. He added that a huge cheer went up when the franc disappeared to be replaced by the euro. James Naughtie asked whether the pound had been mentioned. Mr Roxburgh said it hadn't, “but one did see the Irish punt going off which was a reminder of how close the euro is to Britain”. James Naughtie asked what tests the euro would face in its early days. Mr Roxburgh said that that first was that only 40% of the required currency had so far been distributed, meaning that there were going to be shortfalls in the early stages. He added that he believed that though the banks and big businesses were well stocked, the smaller ones were not. James Naughtie interjected that another key factor was that the “mini recession” did not undermine the strength of the new currency “which needs all the help it can get”. James Roxburgh agreed with the point and added that the EU was confident that the events of September 11 had not had the impact on the European economies it might have had. He added that Wim Duisenberg, head of the European Central Bank, believed that the introduction of the euro would help Europe weather the storm and to overcome the economic recession next year.

Commentary: This set the tone of the programme's coverage of the introduction of notes and coins. Several factors were clearly in evidence. The first was the assertion that the arrival of the euro notes and coins had been greeted with cheering and celebrations. No attempt was made to analyse the extent to which

the party had been for the New Year. The impression was of tens of thousands tuning up in a central part of Brussels *purely* for the euro. This was underlined by reference to cheering when the franc sign was turned off.

The emphasis of the report was mainly on the physical appearance of the handover, and then the tests that the process of distribution of the euro would face in the coming days. Such reporting dominated most of the items about the introduction of the euro notes and coins. Mr Roxburgh pointed to potential problems in noting that only 40% of the notes needed had been distributed. By contrast, he reported, uncritically, claims by the European Central Bank and the EU that economic prospects for the eurozone countries were set fair and that the euro would help in the process of “weathering the storm”. These were not his words, but the effect – in the absence of any balancing viewpoints or questions – was that they were.

6.13 Newspaper review

Led with the Daily Mirror’s front page headline of a ‘bright euro dawn’ but mentioned also the euro-sceptic papers, notably the Sun’s ‘Dawn of a New Error’. It also noted that Cabinet papers just released showed that, in 1971, the Treasury had warned that a single currency could spell the end of the UK’s sovereignty.

6.15 Business News Interview with Jean Claude Trichet, governor of the Bank of France.

Greg Wood opened this report from Paris with Mr Trichet trying to draw out euro notes, asking him how successful he had been. Mr Trichet said that the process was not too complicated and that he was very moved to have access to the notes for the first time – along with 300m Europeans. Mr Wood asked how confident he was that the introduction would go well. Mr Trichet responded that most of the cash machines would work, and prompted by Mr Wood said “so far, so good”. Mr Wood then asked Mr Trichet what he thought about Britain joining the single currency. He responded that the UK would be very welcome and hoped they would decide as rapidly as possible to do so. Mr Wood asked whether Mr Trichet whether he thought the presence of the first notes would “persuade Britons if this was a course they should take”. Mr Trichet responded that he thought so, that they would see that Europe was more united than before, adding “It seems to me that this will have a decisive influence on the people in the UK and in Europe.”

Mr Wood then went to a wine bar to spend some of his euros. He asked the bartender whether he would accept euros, and after being told he would, tendered a €20 note. Mr Wood noted that there was a problem with the change in that there were no small denomination euro coins. The owner of the wine bar then predicted that “tomorrow was going to be chaos” because of the shortage.

Commentary: Mr Wood’s first interviewee – being both warmly in favour of the euro and having an operational axe to grind – was unlikely to have given an interview that was critical about the introduction of euro. In the event, Mr Wood elicited from him a glowing eulogy. The answer to the question about the UK joining the euro was also arguably inevitable, given Mr Trichet’s background. There was no effort by Mr Wood to ask anything controversial.

6.20 Business News Interview with Jean Guy, operations director of France Telecom

Greg Wood opened by saying that the conversion to euros had been an enormous logistical exercise for French businesses. Jean Guy said that conversion had cost his company €100m, with 200 people working on the process for two years. Greg Wood did not ask him to amplify on this enormous figure, but asked next what advantages there were for France Telecom in belonging to the euro and using it as an everyday currency. Mr Guy responded that the company’s main market was Euroland, adding the seemingly irrelevant point that “another advantage was for businesses and citizens”, making it easier for them to go from Paris to Brussels with money in their pockets. Greg Wood returned the interview to France Telecom, pointing out that bills had already been going out in euros and asking what sort of response there had been. Mr Guy said that, gradually, customers had come over to the idea, with 40% paying in euros by November.

Mr Wood concluded by asking how long it would be before people would be comfortable with euros every day. Mr Guy said he was optimistic and it would be a matter of weeks.

Commentary: This was another interview that was entirely predictable in its outcome. A company spending €200m on conversion to the euro was never likely to admit to any problems with either the concept or the process. Mr Wood did not ask anything further about the most relevant fact to the UK to have emerged, that the changeover had cost France Telecom €100m and what that had entailed. The picture presented for the euro and its outlook was entirely positive.

6.23 Business News – Interview with Peter William, finance director of Selfridge’s

Greg Wood linked to the next item by pointing out that it was not just the eurozone that was about to take notes and coins – that stores in Britain would do so also.

Peter Williams, questioned by Mary Garn, opened by saying that – as his store had done for years with other currencies - Selfridges would take euros. He explained that if a customer tendered a euro note, it would be rung up in the normal way, with change given in sterling. Mary Garn asked how much demand there would be. Mr Williams said he did not expect many transactions – as less than 1% of the takings of the store had hitherto been in currencies from the eurozone. He added that he believed that some regular business travellers might keep their euros rather than converting them back and spend them in Oxford Street “and there may be a propensity” for this category to increase. He said: “I couldn’t stress it but I think there will be a certain level of euro -creep.”

Commentary: This established that Selfridges, chosen presumably as a typical Oxford Street store, would take euros. Mr Williams did not mention commission, and was not asked about it – an important omission, as commission rates would presumably be one of the key determinants in whether the store was an attractive place to change euros (It later emerged that commission levels in stores were up to 10% per transaction).

6.24 Business News Eric Channay, chief European economist of Morgan Stanley

The fourth in the interview sequence was with another euro enthusiast. Mr Wood asked him first whether the introduction of notes and coins would make any difference to the European markets. Mr Channay put in a strong plug for the euro, saying it marked “a great day”, but he added that he thought it would make no difference to the financial markets, as they had been trading in them for two years. He said: “The only new thing the financial markets are wondering about is whether there will be a psychological effect which could help strengthen the euro”. Greg Wood asked whether he thought the euro would no strengthen against other currencies. Mr Channay repeated that he thought the notes and coins might help the euro up slightly, but said he doubted it because Europe was currently in recession “and markets are looking for safer zones to put their money”. Mr Wood asked whether the introduction of notes and coins might give an inflationary twist to prices. Mr Channay said it was a popular concern – that prices would be marked up – but he doubted whether this would materialise as “99% of prices have already been converted to the euro” and if there had been an inflation risk “it was already behind us”. He concluded: “Competition will start with a fresh base with prices in euros and consumers will push prices down”.

Commentary: This interview illuminated that analysts did not believe that the introduction of the euro would make much difference, as trading had already been in euros for the past two years, and Europe was in recession. Mr Channay explained interestingly why he believed that no inflationary pressures would be generated by the euro notes and coins.

Overall, the sequence was disappointingly unchallenging. It gave different perspectives on the introduction of notes and coins, but only from predictable quarters and those favourable to the euro project. Important questions on why it had cost France Telecom so much to convert to the euro, and about the level of commission on euro transactions in the UK, were completely missed.

6.30 Bulletin

6.32 Correspondent reactions in Berlin, Madrid, Dublin and Paris

These were brief reports aimed at showing what had happened in each of the capitals. James Naughtie opened by observing that the changeover in Berlin was going to be “extraordinarily quick”.

Rod Broomby (Berlin) said it would be “very quick indeed, as from midnight the euro was the only legal currency in the country. James Naughtie said that the mark had given the country “post-war stability and prosperity”, and therefore the move in Germany would “psychologically mean the most”. Mr Broomby agreed, saying that Mr Schroeder had said in his New Year address that the mark had symbolised good times, but added that there were “better times ahead and it was the dawn of a new era”. Mr Broomby also noted that Mr Schroeder had stayed away from the euro “celebrations”, spending the night with his family and leaving his finance minister to receive the first euros— 102 of them for 200 marks.

James Naughtie asked Flora Botsford what the public view was in Spain of the introduction of the euro. She said it was “extremely enthusiastic and always has been in every euro barometer reading, Spain is one of the highest countries. They have been very enthusiastic since its inception and there is very little nostalgia for the peseta, they are very keen to embrace this big new political experiment and very proud to be part of this very exclusive club as they see it”. James Naughtie asked if there was “real confidence” that Spain’s economic difficulties would be assisted by the euro. Ms Botsford responded that there were a lot of worries about prices going up, the inflationary pressure of people rounding prices up to make a quick profit. She added: “But actually, people are really keen to be part of it, and there’s actually a spending spree going on – people spending their last pesetas and perhaps some undeclared savings there. But the government is saying that you don’t need to do that, you can change your pesetas at any time you like, there is no time pressure on that”.

Richard Lister (Dublin) said that the Irish have also taken to the euro “very enthusiastically”, seeing this as both a chance to embed themselves more deeply into the EU and “another more personal reason because they feel by getting rid of the Irish pound, they are moving a little further away from the UK sphere of influence...this is their chance to bypass Britain and move towards Europe”. James Naughtie said that the euro would be “flitting too and fro across the border”. Mr Lister mentioned moves to make Northern Ireland a dual currency zone. James Naughtie said that there had been a time when there had been a strong ‘no’ and asked whether this had “dwindled away”. Mr Lister said that there was some mistrust of the EU’s ability to take away Ireland’s decision-making process, that in a referendum, the Irish had rejected the provisions of the Nice Treaty – “This was the first time in recent history that Ireland has stood up to the EU”. He asserted that this seemed not to have had much effect on the love on “the love here for the euro and the feeling among 86% of Irish people, a vast majority, that the EU is a good thing for Ireland and that their future is at the heart of it”.

James Naughtie observed to James Coomerasamy in Paris that it had been “quite a night”. Mr Coomerasamy said it was traditional News Year’s Eve celebration “but it was not connected to the euro”. He added that it was quite significant that the French “who like to throw a party when moments of historical significance come along” had not done so. He said the apart from The Pont Neuf being turned blue “there had not been much sense of a true occasion”. James Naughtie said that prime minister Lionel Jospin had been downbeat and given only a “cautious welcome”. Mr Coomerasamy contended that this was a question of generations, in that Mitterand and Delors had paved the way for the euro but now it was being downplayed by the Chirac-Jospin generation. He added “There’s a sense that the public mood is one of pragmatism, pretty much of indifference to the euro – they heard all the arguments years ago. James Naughtie said that despite this “everyone was rushing to a cash machine last night, there was a sense of occasion, a genuine excitement. A sense of peculiar new notes, a sense of change in the air (sic) especially among young people, a sense of breaking away from the past”. James Coomerasamy agreed, noting this had begun especially when the euro starter kits had arrived: “I do feel people here feel that this is the start

of a new era". He added that in the Paris press there was "no sense of nostalgia for the franc, no sense of euro-scepticism". James Naughtie asked where the euro would lead "on other fronts as Romano Prodi, for example, had said the euro was not just a currency it's a kind of state of mind that leads to a more integrated Europe and so on". He asked how the French government would play that in the year ahead. Mr Coomerasamy responded that it was seen as "the practical effect of European integration... I think they will be using it very much. If you look at the press again today, they are talking about what impact this will have in other spheres, cultural spheres, looking for example, whether or not the French will travel more. I think the government will be using it to pressure for greater integration".

Commentary: This round-up was an unmediated and unqualified eulogy for the euro: the BBC's own version of euromania. The correspondents – aided and abetted by James Naughtie - reported unlimited enthusiasm for the euro, but gave no supporting facts for the strength of feeling they claimed to be witnessing. All of them dismissed or did not refer to euro-scepticism.

Perhaps the most striking sequence was that from Paris. It appeared that James Naughtie wanted to play the event up – even though correspondent James Coomerasamy argued that the party-loving French hadn't really thrown one for the euro, but had been celebrating New Year. Mr Naughtie's enthusiasm was apparent at the beginning of the sequence, when he claimed it had been "quite a party", then half way through when he added: "everyone was rushing to a cash machine last night, there was a sense of occasion, a genuine excitement. A sense of peculiar new notes, a sense of change in the air (sic) especially among young people, a sense of breaking away from the past". Mr Coomerasamy's agreement that this had been the case seemed strangely at odds with what had been said earlier. It left the impression that there had been a sense of excitement about the euro, despite what he had observed about the real nature of the celebrations – a normal New Year's Eve party.

That aside, what the reports conveyed was that there was total acceptance of the euro in the countries visited. From Spain, Flora Botsford said "there was very little nostalgia for the peseta". Yet she gave no indication of what percentage of the population had said in opinion polls they actually welcomed the new currency.

From Berlin, Rod Broomby, did not mention euro-scepticism in the country at all.

Most striking was the sequence from Dublin. Richard Lister said that 86% thought that the EU did some good for Ireland. But he did not say what percentage actually wanted the euro (surely the key factor on this day), and he dismissed the landmark vote against the Nice Treaty as relatively unimportant in the context of the overall support for the EU and the euro. He also claimed, without giving any basis, that Ireland saw the euro as its route for by-passing the British sphere of influence.

A fundamental flaw in these reports seemed to be that they came from parties celebrating New Year where it would be expected that euro enthusiasm would be a heady part of the mix.

None of the correspondents commented on the obvious possibility that the rush for the euro was a much to do with necessity as enthusiasm for the new currency; in all the countries involved, those visiting cash machines had no choice but to accept they needed euros.

Flora Botsford said that in Spain there was "spending spree going on" of pesetas, though she did not comment that this, according to local rumour, was partly because many people had hoards of cash that had not been declared for tax reasons.

6.44 Newspaper review

This said that most newspapers give the euro a cautious welcome. It mentioned the Sun calling the euro a "flawed politically inspired gamble", and counterbalanced this with the Mirror's headline and argument that the need for joining "will become blindingly obvious".

6.50 Business News interview with Daniel Secori of Ogilvie and Mather

James Naughtie introduced the item by saying that 300m people in Europe were using the euro. Greg Wood said there was a big debate in France about whether the euro would mean higher or lower prices in the shops, with the suspicion that many would round prices up. He said Daniel Secori believed that it lower priced goods were causing problems for clients.

The more it is expensive, the less probably the euro will affect the behaviour, because when you buy a computer or a car, at the end of the day basically you think about it, you think about the price and it's not an instant purchase. When it comes to things like yoghurt, which today is worth ten francs, what will happen if you do a straight conversion, it will be 1.54 euros. What will happen at that stage? Do you need to adjust your price at 1.59? Do you need to change your bargain to bring your price at 1.99? How all this will work? And at that stage, basically, most of the clients are just waiting to see how people will adjust to the euro, and what barrier will be the psychological price in the future, which is still unknown today.

GW: Do you think that corporations who are selling fast-moving consumer goods, like the yoghurt that you mentioned are very conscious that the consumer is going to be watching them, making sure that they don't disguise price rises?

DS: Yes, and it's not just the consumer, it's also the distributors, the retailers. The retailers have been and will be very careful on that, and also the government. So, if you will, everybody will be watching that. What is the main fear at one point is that – and by the way I don't share that fear – is that people think that for a while people will consume less, because they will be a bit frightened and they will be a bit lost, and therefore all those purchases which are, you know, easy when you don't think about it will decrease. I don't think it will be the case.

Commentary: James Naughtie was again keen on the euro, pointing out that 300m were using it, an exaggeration at that juncture. The interviewee gave an interesting insight into potential consumer behaviour, but his verdict was that there would be no problems.

7.00 Bulletin

The bulletin was the same as that at 6am, with the addition of a soundbite from the Business News (Jean Claude Trichet) saying that he hoped that the British would join the euro as soon as possible: "The people will see that we are more united than we thought before". The next link said that the euro was likely to become more familiar to many in the UK. John Pienaar added:

Now the euro is a reality, Ministers are hoping that practical experience of the currency by Britons abroad and occasionally on the high street at home, helps to break down the scepticism that's still felt by most people in the UK. There'll be no change in government policy - to judge British membership by five economic tests in the next 18 months, and then leave any final decision to join to a referendum. But the government's promotion of the currency looks like moving up a gear. Ministers are still wary of appearing to campaign full bloodedly for British membership, but already Ministers seem less coy about trumpeting the benefits of Monetary Union. The Tories are certain to accuse the government of seeking to create the impression that British membership is inevitable, and the familiar complaint that Ministers are seeking to abolish the pound by stealth will simply be fuelled by a public information campaign about Europe's new currency.

Commentary: The sequence gave the clear impression that – although the Conservative party was continuing to oppose the euro, especially its introduction by stealth, the British people would become more familiar by the euro, that it was more likely that they would join the single currency, and that the government was hoping that the practical experience would break down scepticism. The impression was reinforced by the Trichet soundbite saying that Europe would become more united.

There were no mentions of any of the arguments against the euro, the Tory comments being confined only to its attack on the government for making joining the currency "an inevitability".

7.10 Interview with Romano Prodi

James Naughtie's continued with his opinion that the euro had been greeted with huge enthusiasm, by saying that the streets were "strewn with revellers" (at odds with Mr Coomerasamy's earlier observations). He also asserted that: "It's a big moment in France". There followed the first of a sequence of vox pops. The first voice wanted to keep the franc, saying it had a six hundred years history, and the second agreed, although also pointing out that this was not the majority view. Mr Naughtie noted a "certain nostalgia for the franc", but said that round the corner "they had organised a great welcoming ceremony for the euro, and all sorts of enthusiasts have turned up to try get some of the first ones". This was followed by more vox pops:

I'm a German and was born in '41 and we had always war and that's over now and to be aligned with the French people and to look for the euro (sic) it's wonderful.

VOXPOP FOUR: It's a good (word unclear) and I don't know what English people want not to be in the Community European, I don't know why. But for French people it's a great moment.

In the next sequence, Mr Naughtie tried unsuccessfully to obtain euros from a cash machine out of a cash machine. He added:

That band, incidentally, which started off rather well, went in to produce a rather ropy version, to put it mildly, of the Ode to Joy from Beethoven's Ninth Symphony – the euro anthem. But in Brussels and its surrounding places, no such thoughts of ropy anthems were allowed, it was a distinctly upbeat message that was being delivered by one and all: particularly by the President of the European Commission himself, Romano Prodi. I spoke to him and asked him what he meant when he said that the euro was more than a currency.

ROMANO PRODI: An enormous change in identity, you know, we shall go in any country of the world with the same currency and this change our mind, you know, like the dollar, you know. I don't want to make a direct comparison, but how deep has been the American identity because of the dollar. And I think the same will happen, not immediately, but in the long run with the euro.

JN: But the comparison, of course, is between a place which is one country and has thought of itself as one country, has developed politically as one country. And we're talking about a European Union which is a collection of nation states and – as is always said from the Commission– will remain so.

RP: Yes, but I don't want to imitate the United States, I always repeat that we are a Union of people and nations, and the nations will remain nations. But this new reality will bring us together strongly. We are doing a new experiment, and we are changing the concept of nation states in the sense that you will have shared sovereignty.

JN: An experiment? Isn't that why so many people are nervous about it?

RP: Less and less, every day. This is what is happening in Europe. People now understand that it is an experiment in the sense that it is new. But it's positive and it's been taken with all the provisos, all the necessary instruments – and so it's a guided experiment.

JN: Finally, let me ask you this: Do you expect Britain to be in the euro within the next couple of years?

RP: No, I don't make any forecast, because I know that any interference inside British policy is negative. I have to behave well, I have to run well the euro, we must be successful, and then you will be in. If not, you better stay out. I think that you are in the wonderful situation of making a choice, but I'm convinced that the euro will be a success, and so I am waiting for the decision.

JN: With hope?

RP: Yes. With hope, because, you know, the UK is an essential part of Europe. Europe will profit of your entrance .

Commentary: There were two euro-sceptic notes in this piece from the vox pops. Apart from that, Mr Naughtie painted a scene of enthusiasm both for the euro and the celebrations for its introduction. He drew out from Mr Prodi that he believe the introduction of the euro was an experiment in shares sovereignty, then pointing out that this was people were nervous about the currency. But he did not push Mr Prodi to elaborate on what a "shared sovereignty" might actually mean in terms of national identity, moving on instead to put it to him whether he expected the UK to join the euro in a couple of years. Unsurprisingly, Mr Prodi said he hoped so, adding "the UK is an essential part of Europe". This was a tame interview by any standards. This was a chance to challenge Mr Prodi on why the British remained euro-sceptic, about

problems with the performance of the euro – but it was not taken. The result was that listeners were left with the arguments for entry. The voices against the euro were dismissed as “nostalgia” on the periphery of the main thrust.

7.15 Interview with Bill Morris, TGWU

This was the first voice on the programme to express concern about the enthusiasm for the euro.

Well, Romano was very seductive, and he’s right to say that in so far as the question that now concerns Britain is a matter for Britain. From our perspective, what we’re concerned with is the economy. We’ve got a situation where manufacturing is in meltdown, transport is the worst transport system in Europe, we’ve got a third rate National Health Service, and indeed our public services. It seems to me to be talking now about the referendum would be a diversion from these real issues. Now, if I had one message for our prime minister this morning it would be rule out the referendum for this parliament, concentrating on getting our public services up to world class standards, and that will guarantee almost a winning third term when the General Election comes.

SM: But you’re colleague, or rival, I don’t know, John Monks from the TUC says . . .

BM: He’s my friend! He’s my friend!

SM: . . . that unless we join the euro, we will lose even more manufacturing jobs.

BM: Well, there are two arguments that are being put forward along those lines. The first argument is that we’ll get currency stability – a stable currency – operating in the last three years, we have seen what that represents. And if you look to see how the difference between say how Ireland and Portugal, overheating economies as against Germany and France, there isn’t any currency stability there. And indeed, the Governor of the Bank of England has said quite clearly that a sort of ‘one size fits all’ monetary policy represents an additional risk to our economy. Our economy is in growth, we’re containing the levels of inflation, all the fundamentals are in place, including lower levels of unemployment; and it seems to me to do a sort of euro-lemming leap at this particular point in time, in the dark, with hope – as Mr Prodi said – is not the best decision for Britain at this point in time.

SM: You sound so eurosceptic that that’s almost a principled stand. Would you forecast that at some stage though Britain will be in the euro?

BM: It’s a pragmatic stance. And let me say, I’m not a sceptic at all – I’m a fully pledged stand-up supporter of government policy. And yes I can see the circumstances . . .

SM: (*interrupting*) Government policy’s not to rule out a referendum on the euro though . . .

BM: I’m not suggesting that it should be ruled out forever. What I am suggesting is that with the parliamentary timetable for this parliament, let me just take you through it: the European Election itself, Scottish Parliament election, Welsh Assembly Election, election for Mayor of London, local elections – it would not be possible, in my view, to have a proper referendum given that sort of timetable. But let’s come back to the economy, because this . . .

SM: Just briefly.

BM: . . . is what the issue really is about. For us, we say that the five economic tests should be met, when those tests are met the government can make a recommendation, we’ll have a referendum and the British people will decide.

Commentary: Bill Morris was given clear space to put across his view that the government should be concentrating on public services rather than the euro in the short term. His points balanced those put across by Romano Prodi. Sarah Montague put it to him that John Monks had claimed that if the UK didn’t join the euro, jobs would be lost. Bill Morris responded that the “one size fits all” approach might not lead to stability and described joining the euro as a “lemming leap”, introducing some of the arguments against the Single Currency. But he denied, when questioned, that he was euro sceptic and said he supported government policy for the five economic tests and a referendum.

7.20 Introduction of euro in Reunion

This item dealt with the introduction of the euro in probably its furthest outposts. It was geared towards finding out whether the introduction of the new currency would make local people more close to the EU.

James Naughtie pointed that the euro had first gone into circulation on the French island of Reunion, as it was four hours ahead of Europe. He asked Marc Pichot, a restaurateur, if he and other local people were “proud” to have been first to have used the euro. Mr Pichot replied that he was and also surprised, because nobody had known they would be the first until the newspapers said so. James Naughtie asked about the “psychology” of the euro, observing that many people doubted whether it would have such effects, but then whether it would make the people of Reunion closer to the rest of Europe because they were using the euro.

Mr Pichot said that many people on the island did not know what the euro was. James Naughtie then asked Petri Selinder in Lapland first whether he got many tourists as the weather was so cold and very different from Reunion. He responded that many – such as the British and the Americans – came with their own currencies, but now those who came with euros would not have to change them “so business is much easier”. Mr Naughtie asked if he now felt closer to the mainstream, even though Lapland was on the northern ramparts of the EU. Mr Selinder said he thought so. Mr Naughtie asked him if he was nostalgic for the old currency. He responded that older people were but he was not “it’s going to be OK”.

James Naughtie returned to Mr Pichot asking whether people on Reunion harboured a feeling of regret about the passing of the franc as the currency that represented France. (He mentioned that many people had been saying that they were sad to see the franc go). Mr Pichot said that he thought they would regret the passing and would keep francs as reminders.

Commentary: The interview was constructed to show that the euro could have an impact well beyond the core of Europe. The spokesman on Reunion seemed to want refute that it would, but he was not really asked to elaborate what local people felt. The enthusiastic Laplander explained several points in favour of the euro.

7.38 Interview with Doctor Peter Jones

James Naughtie opened by saying that this was not the first time in Europe a single currency had been tried – something that in the past had turned out “less good” than rulers had intended. He asserted: “I suppose this happened quite a bit in the ancient world?”

Peter Jones, a classicist from Newcastle University denied this outright. He said all the great empires had produced their own currency, but not imposed it, for example Alexander the Great and Persia. He added: Athens tried in about 420BC, but it was a pure exercise in power politics and it didn’t work”. He added that Egypt under the Greek Ptolemy had also given it a go – “but even they were perfectly happy to let local coinages flourish on the margins of their empire”. He added that Rome had no interest at all in imposing a coinage, although Rome’s had become a standard in the west because local coinages had died out. Mr Naughtie interjected that “in the times of Diocletian, economies ran on rather different lines from the ones we know today”. Dr Jones said that Diocletian had attempted to pay his army in specially printed money – but this had resulted in chaos; “The people take one look at this new coinage, distrust it...and of course, it doesn’t work”. James Naughtie concluded: Well, of course its goodbye to the drachma today as well, 26 centuries old at the latest count.”

Commentary: The introduction suggested that a unified currency in Europe had been attempted several times. Mr Jones said that it hadn’t – and that the only time it had been, by Diocletian, had been a flop. Dr Jones gave a fascinating insight into one aspect of the ancient world, but this piece had been sloppily set up and the result was correspondingly unfocused and confusing. Had the set-up by done correctly and Dr Jones asked why the Diocletian experiment had failed, it could have yielded interesting insights into the issues facing the euro. As it was, the listener was left in doubt about whether such experiments were common or not.

7.42 Newspapers

Predictably, it's the introduction of the Single Currency across a large part of Europe which dominates the first papers of the new year. The Mirror has the most eye-catching front page: a bright dawn over the countryside, and instead of the sun rising over the horizon, it's a brand new euro coin, illuminating the landscape. But other papers take a more sceptical approach. The Daily Mail calls it 'the great euro gamble', which the Sun carries the headline 'Dawn of a New Error', adding 'thank goodness Britain isn't part of it'. For their part, some of the broadsheets are cautious: the Daily Telegraph describes it as 'Europe's Leap into the Unknown'. Under the headline 'Europe takes the plunge', The Times reports that from Lapland to Lisbon, 304 million citizens have begun experiencing the biggest currency exchange the world has seen. While, the euro's big news at the start of 2002 the papers report that the issue was just as controversial 30 years ago. According to the Telegraph, Public Record Office documents released today make the events of 1971 sound like a rerun of recent issues. The treasury warned the then prime minister Edward Heath that a single currency would spell the end of Britain's economic sovereignty. The Guardian says that because advance towards the euro has been far slower than envisaged, the concerns expressed sounded almost contemporary. On its front page, the Daily Express totally ignores the euro and instead leads on what it describes as a breakthrough which could lead to a new treatment to stop obesity

Commentary: This was a straightforward reporting of some of the key headlines relating to the introduction of euro notes and coins.

7.45 euro logistics

This dealt with the "practical challenge" of introducing the euro.

James Naughtie mentioned again that he had had problems withdrawing euros before introducing a report from Michael Buchanan in Paris. He was in a delicatessen called Vignance, which he said was "quintessentially French" and therefore "the sort of place you might think which would regret the passing of the franc". He added: "Not for a memento", and Philippe Beignon, the owner went further, stating: "We must make a confederation like the United States, because in economy, you have the US, Europe and Asia". He added that he had every type of coin and thought the euro was a good idea because "when we go to a country like Germany or Italy, I will be easier for us now". Mr Buchanan asked him whether he thought he would have any difficulty with the new currency. He did not think so, claiming it would only be a question of time. Mr Buchanan also spoke to Steve Crockford, a senior manager of Barclays, about ATM's. He said there was no problem and they were already equipped to dispense euros. Robbie Haarb, a waiter says he and his fellow staff had practised handling euros and hoped there would be no mistakes. Mr Buchanan concluded: "you get a feeling that this is a country very much at ease with its latest engagement in Europe". "For people here, the euro has got little to do with the loss of sovereignty or European superstates....It's about money, pure and simple".

Commentary: Mr Buchanan, on the basis of three interviews which he presented as being entirely typical and representative, claimed that the French were totally at ease with "their latest engagement in Europe", adding the further sweeping conclusion that "for people here, the euro has got little to do with the loss of sovereignty or European superstates...it's about money pure and simple". This was deliberately anti-euro-sceptic language used at the end of a string of dubious logic. Mr Buchanan may have reached his conclusions after endless hours of research and talking to people, but even if he had done, he had no right to be so sweepingly general in his inferences. For the listener, there was no indication of what his arguments were based upon (other than the three interviews which might or might not have been representative). This was a shoddy piece of reportage that looks as though it was making a deliberately partisan point – that the euro was only about money. To use these vox pops in this way, he should have at least given some evidence that supported the claims that they were representative.

7.52 Interview with Tim Martin and Sir Richard Needham

This was designed to show how the arguments for joining the euro "go from here".

Mr Naughtie said, in his introductory remarks that we were "going to get used to the euro whether we like it or not" and pointed out that Neil Kinnock had said that it would become the second currency. He added

that British public opinion remained against joining. He then asked Tim Martin, chairman of the Weatherspoons pub chain, who had campaigned against the euro, if there could be euro creep. He said not, pointing out that, unlike the Germans, who had not had the chance to vote on the issue, the British have had time to think and “you don’t buy an insurance policy just because everyone else in the street has done”.

Sir Richard Needham countered that the notes and coins made possible a transparent open market – and that it was now possible to compare prices across the EU. He contended that if the UK was not part of it “it would miss out”, implying that consumers would be charged higher prices because of the lack of transparency. He added that manufacturing would continue to suffer, as would UK influence of EU affairs. Mr Martin interjected that this was “complete nonsense...for a single currency to work, you need a single government”, adding that Sir Richard had supported the ERM and had said that six weeks after withdrawal, the UK should go back in. Sir Richard responded that manufacturing jobs were being lost because the UK couldn’t compete. He argued that the ERM was a disaster mainly because the UK went in at too high a level and said that the UK had similarly missed the boat for joining the single currency at the right level. He alleged that service industries such as Tim Martin’s were benefiting while manufacturing suffered. James Naughtie intervened for the first time, asking Tim Martin if the euro in people’s pockets was going to change their attitudes towards it. He denies it would: “people are going to say I have heard Richard Needham before, I’ve heard him talk about the ERM, that failed, this is a conceptually flawed currency that won’t last”. Sir Richard Needham said that there were economic problems in the UK because of “people like Tim Martin who wrap themselves in Union Jacks made in China”. Tim Martin denied this, and Sir Richard then alleged that it would be an enormous step towards a single market “which we all want”.

Commentary: This rehearsed some of the arguments for and against joining the euro. Tim Martin put across his view that the key determinants of joining should be whether it worked economically, backing that up with claims that attempts to join the ERM in 1992 had been the worst example of economic mismanagement in UK history. Sir Richard Needham repeated the argument that jobs would be lost if the UK did not join the euro, that the euro would lead to a genuine single market with price transparency and defended attacks over his support of Britain joining the ERM on the grounds that the rate chosen was too high.

8.00 news

This had the same introduction as the 7am bulletin, then a new voice report from Angus Roxburgh and actuality from the earlier interview with Bill Morris.

ANGUS ROXBURGH: Thousands of people gathered in a Brussels park at midnight to see the New Year and a new currency. A dazzling light show depicted the old currencies of Europe – the mark, the franc, the lira – disappearing into the night sky, to be replaced by the euro. Many people went straight from the show to cash dispensers, to get their first feel of the new notes. But it will only be when business gets underway, slowly today and then properly tomorrow that the effect of the new currency will be felt. There’s bound to be confusion at first, and shortages of the new money, especially in small shops. But in Brussels at least, there seemed to be a general acceptance of the euro and an air of excitement over a currency that EU leaders say will usher in a new era of closer union.

This was followed by the John Pienaar piece from 7am, then:

The General Secretary of the Transport and General Workers Union, Bill Morris told us that a campaign on joining the euro would be a diversion from problems facing the public services. Mr Morris called on the government to rule out holding a referendum during the lifetime of this parliament.

BILL MORRIS: (*soundbite*) Our economy is in growth, we’re containing the levels of inflation, all the fundamentals are in place, including lower levels of unemployment; and it seems to me to do a sort of euro-lemming leap at this particular point in time, in the dark is not the best decision for Britain.

Commentary: This, for the first time during the morning, introduced a note of scepticism about the introduction of notes and coins and about the focus of the government. The Angus Roxburgh piece reinforced the image that the euro was greeted with universal celebration and “an air of excitement”.

8.09 Interview with Pierre Moscovici and Peter Hain

The article was aimed at finding where the French really thought the euro would lead. It was prefaced by a long introduction emphasising that the currency had arrived, and mentioning the “supremacy of the European Central Bank across the eurozone”.

James Naughtie, apparently using a biblical metaphor, said that “ the arrival of the currency that the fathers of modern Europe dreamed of are all symbols now made flesh”. He added that this was only one side of the story: “This is a currency that is also an argument... the question here (in France) is what happens next”.

PIERRE MOSCOVICI: We’re really living an historic moment, because for the first time in history, Europeans – most of them – will have the single currency, will renounce also some symbols that are linked to their own sovereignty, and I think it will at the same time an important power which will be created on the economic and monetary field, and also it’ll be a symbol for Europe, and I hope this will create the shock which we need in order to move on towards a political Europe. So, I feel moved, of course, impressed and also very confident because I believe Europe will be a success.

JN: When you talk about a shock that will move people towards a political Europe, are you referring there to your hopes that at some point Britain will join?

PM: Well, no, I am referring to the fact that the Europeans need to have something very concrete to realise how dedicated they are to their continent, and also to think how they can be a power in the world, and not only a collection of nations, which I believe must be the case. But of course, things would be even better if Great Britain will join, but this is the choice of the British people, this is the choice of the British government. Well, I know that Mr Blair is looking in a very direct way to what is happening there, because I think he counts on the success of the euro to convince the British, and I’m sure that we will help him.

JN: When you talk about the shock that you mentioned at the beginning, which will propel Europe towards a different kind of political Europe, what is that political Europe that you envisage – how would you describe it?

PM: Well, I think about the Europe which will have a money, a currency, the euro, which co-operate more against terrorism, meaning for example the European arrest warrant, meaning also the better co-operation of our polices. I think about a Europe which will have a common defence. I think about a Europe which will have something looking like a constitution, which we launched in Laeken a few weeks ago. Meaning political institutions which will be stable, efficient, transparent and with democratic accountability – not a Superstate, we are against a Superstate. Don’t believe that the French are not attached to their national identity as much as the British.

JN: No, we’ve noticed!

PM: We are very attached to that and we count on it, but at the same time we want Europe, the political Europe to be capable of multiplying our influence in the world.

JN: There are many people in Britain who believe it’s not necessary to be in the single currency in order to join in these joint enterprises of which you speak: closer defence policy, the issue of people crossing borders and so on. And they say it’s quite possible, even for one of the bigger countries in the European Union, namely Britain, to be outside the currency but still to be central in these discussions. Do you think that’s true or not?

PM: Well, Britain is a very influential partner, a very positive one, and I appreciate the fact that Tony Blair decided that Europe will be in the core of its political project. But, well, I notice too that Tony Blair’s ambition was that Britain would have a leadership in Europe, and I believe it’s absolutely impossible to have a leadership when you’re not in the main political realisation, which is the euro. So, there is a bit of a contradiction there. Of course, Britain will be in Europe, of course Britain will be influential, of course Britain will be friendly. But Britain cannot be in the leadership if it’s not in the Single Currency, that’s a fact.

Commentary: This was an important interview which illustrated clearly that Mr Moscovici believed that Britain had to join the euro or be marginalised in European affairs. Mr Naughtie appeared to side with Mr Moscovici’s controversial view – by interjecting “we’ve noticed” – that greater integration – the euro, the common defence force, a constitution – did not mean the French were not as attached to their national identity as the British. The views of Mr Moscovici, elicited in the main interview of the morning immediately after the main bulletin, important though they were, amplified the drift of the programme in suggesting that the euro was vital for Britain’s interests.

Turning to Peter Hain, James Naughtie picked up the last point from Mr Moscovici, asking if it was indeed a fact. Peter Hain's answer was oblique: that Britain was a "leading European power" and that the euro-sceptics underestimated the level of power. He claimed if the Labour party did as the Conservatives, and said never, it would diminish UK influence.

James Naughtie ignored the point about the Conservatives, but asked for greater clarification:

He's not just talking about an economic determination to join at some point in the future if the conditions are right, nor is he talking simply about economic decision making. He's saying if leadership in Europe – and after all, that's a phrase the prime minister has used again and again, like his predecessors – if you want to have leadership in Europe you've got to be in the euro. Do you believe that or not?

PH: Again . . .

JN: Again you're avoiding the question.

PH: No, no I'm not Jim, I'm coming to it absolutely directly, as I always do to your questions. There's a difference of degree here, we can be a leading power as we already are, especially under this government, but if we want to be the decisive leading power, it's difficult to see how we could be there if we ruled ourselves out of joining the single currency forever. So, we would marginalise ourselves if we adopted the Conservative's rejectionist position of ruling it out forever, but we're still a leading power, and with the policy of the government which is to join the single currency when the economic circumstances are right, ..

James Naughtie appeared to be satisfied with this answer and again ignored the attack on the Conservatives. He changed tack to ask whether the current position – of being able to use the euro, but also having the pound "and our own interest rates to cope with economic conditions" was the best of both worlds.

Peter Hain's answer was this time more direct:

First of all, yes. The euro is real now, and it will become real for the majority of British people who experience it. So it will cease to be that source of myth and pre-justice and fantasy and fear, and become a practical day to day reality. And that will enable people to make a sensible decision about it, and I think that's welcome. But as for the idea that we could have it both ways, well, we'll have a chance to assess that over the next seventeen months, and we'll be doing precisely that with our own Chancellor's economic assessment. I doubt that in the end it's possible to run a sort of parallel currency economy, I doubt that, but time will tell.

James Naughtie then tried to find out whether a referendum could be held before 17 months, but Peter Hain refused to be drawn, instead preferring to revert to rhetoric eulogising the euro:

No, I don't think we should play these games on referendum dates, I'm quite happy that you ask me these questions, but you get the same answer, you can't pluck a referendum date out of thin air. I think what we should do is just pause and reflect on the momentous historic moment this is for Europe, after all, fifty, sixty years ago Europe was torn apart by war, now it's got a single currency. There've been more wars fought on the continent of Europe in the last few centuries than anywhere else in the world. Now, we're part of a single, political European Union and the majority of European countries have formed a single currency. That's a historic leap forward and I think it should be welcomed, it's important it's successful, and in time, we hope that Britain will be part of the successful single currency because it could be good for our jobs, our prosperity and our stability. But we won't join it until we're absolutely certain that the economic conditions are right for us to do so.

Commentary: James Naughtie pushed Peter Hain to answer the claims from Mr Moscovici. He elicited from him that he disagreed alleging that Labour would only marginalise itself if it adopted the Conservative rejectionist position of ruling the euro out forever. This was a mealy-mouthed response which could have been challenged, given the starkness of Mr Moscovici's statements. Mr Naughtie chose instead to push on whether Britain could have the best of both worlds. Mr Hain's reply – that he doubted whether the UK could in the long run do so – was an important assertion that resonated across the political landscape for several days. But more could have been done by Mr Naughtie to push Mr Hain to justify his response to Mr Moscovici. As it was, he was let off the hook on an important point, and allowed to turn it to an unmediated attack on the Conservatives. The duty of an interviewer operating at this level is to try and prevent simplistic political point-scoring; in this case he failed to do so.

8.20 Interview with Edward Heath

The first section of the interview was angled on the release of cabinet papers which showed that the Army had advised in 1971 against internment in Northern Ireland. Sarah Montague then asked him how he felt about the introduction of the euro. He said he very much regretted that Britain was not a part of the currency. He claimed that “public relations figures” showed that 80% of Europeans were delighted now they had a single currency.

Sarah Montague challenged him on the figures. She mentioned the three countries that had not joined, pointing out that Sweden and Denmark had both rejected it in a referendum, before asking:

Do you think just that the British people, it's very clear that there's very strong anti-euro sentiment. Do you think they just haven't . . . they just don't know enough about it, is that what you're saying?

EH: All the figures show that they haven't followed it, they haven't discussed it. And the figures also show that more than 50% are quite prepared to discuss it impartially and take their decision. Now the position which was taken up by my own party was a rush decision, without any proper discussion with members, and it was taken by the leader at the time, because he thought there was going to be great benefit in cashing in on that one. And in fact it's landed the party with a decision which has become more and more extreme as time has gone past. Now, there are many people who have left the party because of this, and this is very much to be regretted.

SM: What's clear from the papers [*released from the Official Records Office*] today is that there was a treasury briefing paper from 1971 which, of course, you would have seen, advising that the plans for what were then Common Market and for monetary union would lead to a European Federal State.

EH: This was one point about it, one possibility.

SM: But for many Tories it would confirm the sense of betrayal that they've had – that the public wasn't being told of the possible implications of European membership at that time.

EH: Oh they were, there were people who said this of course, said so publicly, just like this report did. These things were all discussed in detail, throughout this period, right up until I took Britain into the European Community. And then we had a ten-day debate in the House, in which every aspect of it was thoroughly thrashed out

Commentary: Sir Edward Heath was an important programme guest in the context of the release of the cabinet papers and as the man who had first steered the UK into the EU. Sarah Montague rightly challenged his assertion that public relations surveys suggested that 80% were in favour of the euro, but her follow-on point, whether he believed scepticism was due to people not knowing enough about the euro gave him the opportunity to assert that 50% of people remained impartial and that the Conservative party had rushed their decision to be against the euro. This was at best dubious (the party had held an internal vote on the matter) but it was not challenged. Instead, Ms Montague put it to him that the cabinet papers' indication that there had been fears in 1971 of a move towards a superstate “would confirm a sense of betrayal” in the party. Sir Edward countered by saying that the matter had been discussed openly as well and that there had been a 10-day debate in the House.

This interview could have been tackled more robustly, particularly on the assertion that the Conservative party had rushed into a decision on the euro. This was the only airing within the programme (apart from bulletins) of what the cabinet had felt in 1971 about the dangers of a European superstate, and Sir Edward minimised its importance. It would have been useful to have another perspective on this matter – both in the interests of balance and to explore more deeply a fascinating and extremely relevant topic.

8.35 Interview with BBC correspondent Evan Davies

James Naughtie spoke to economics editor Evan Davies in Maastricht “where it all began ten years ago”.

I really do think that the convenience of the currency is going to become very obvious and manifest to everybody, and people are going to say 'Gosh, why didn't we do this before? Look how easy it is.' But I do think that the

problem of Germany and its economy and that horrible smudgy ‘one size fits all’ economic policy in which essentially the Germans don’t get the interest rate cut they need because other bits of the eurozone don’t need the cut, is going to make it all rather difficult. So I’d say it’s still quite a challenging time for the euro economically, but it is going to look convenient, but I think that that tangible benefit will obviously, I suspect, lead popular sentiment to the euro – at least on the continent where we are.

JN: And the ‘one size fits all’ problem, which is often raised, of course, is going to become more acute as the EU spreads eastwards, when you have to have an interest rate that looks after the interests of Polish farmers as well as South Wales steelworkers.

ED: Absolutely, I think indeed, you know, we’re talking about a very large spread eastwards. And we’re talking about it far sooner than most people are realising: 2004/2005 there could be another ten members of the EU. So we are talking about a very significant extension. They’re not huge economies compared the southern states, you’ve got the oil states, you’ve got the industrial north, and you’ve got California which is the entertainment capital of the world. So it’s not insurmountable, it has been done to the Germanys, Frances, or even the UK, should the UK join, but no, it’s a very challenging thing to run one economic policy for such a large area. But let’s face it Jim, there is already one place in the world where they already do that: that is called the United States. You’ve got You’ve got the southern states, you’ve got the oil states, you’ve got the industrial north, and you’ve got California which is the entertainment capital of the world. So it’s not insurmountable, it has been done.

Commentary: Evan Davies, though flagging the ‘one size fits all’ problem of the euro, continued the simplistic analysis that the euro would be welcomed on the continent because of its convenience, essentially what all the BBC correspondents to date had said. He also pointed out the problems the further expansion would bring but then claimed that there was already one place in the world with a currency zone the size of the EU’s: the US. The parallel was over-simplistic and did not include the differences in political realities between the two geographic areas. The result was that the impression was given that the euro could work in Europe as the dollar did in the US.

8.38 Michael Howard

This was the first opportunity in the programme for the Conservatives to put the euro-sceptic perspective on the launch of notes and coins. It was prefaced by the europhile views of a Liberal Democrat spokesman.

Sarah Montague opened by noting the British people’s euro-scepticism and asked whether “today’s events are going to change that?” She said that the Liberal Democrats argued that the government must now seize the chance to pursue a more positive line on the euro, before including a soundbite from Vince Cable, the party’s trade and industry spokesman. He argued:

The government should be clearer about whether it sees Britain entering EMU within the current parliament or the next, and making a case for it. The longer this whole issue is postponed, the more damage that’s going to be done in terms of key British interests. If key parts of British industry, or foreign investors are making ten, twenty year decisions of where to invest, they’re going to ask the question will Britain be or not be part of the European Monetary Union. And as long as that question remains open, we will be at a disadvantage.

Sarah Montague then asked whether Mr Howard, who was in Monaco, would be prepared to use his euros when he returned to the UK. He responded:

If it’s convenient to do so, yes I will. This question is about much more than notes and coins. It’s about who controls our economy. Everyone would agree that one of the key levers in exercising that control over our economy is the ability to set our own interest rates. At present they’re set by the Bank of England, on the basis of what’s best for Britain. If we join the eurozone, they would be set by the European Central Bank, which sets the same interest rate for every member state. For some it’s too high, for some it’s too low. It’s certainly not the right interest rate for everyone.

SM: But ultimately though, whether we go in or not is a political . . . or certainly where most countries have gone in, it’s been a *political* decision, something affected in part by public sentiment. If we have ‘euro creep’, do you think it will soften anti -euro sentiment here?

MH: Well, the only countries where their populations have directly been consulted on whether they should join the euro had said ‘no’. And I think people will really understand that this is about control of our economy. It’s

not about notes and coins, it's not about the convenience of using one set of notes and coins as opposed to using another, it's about control of our economy. The European Commission itself recently published a report in which it named seven countries which are suffering now, because the 'one size fits all' interest rate is too high for them and three which are suffering because it's too low for them. And the differences between our economy and the economies of continental Europe are bigger than their differences with each other. So jobs, prosperity and the public services in Britain would suffer even more.

SM: Give us an idea of the timing of a referendum, when do you think? We're hearing the Liberal Democrats saying, 'we need a decision one way or the other'.

MH: I have no idea. I would prefer the government to concentrate on what matters most to people in our country, which is the crisis in our hospitals

SM: (*interrupting*) and leave things unsettled on the euro?

MH: The crisis in our hospitals, in our public services, that's what they should be concentrating on. But I do think that they should stop playing games. We've had Peter Hain blowing hot and cold just within the last week, there was an enormous amount of speculation: will there be a referendum in 2003 or not? I think the government should make the position clear. If they really want us to go in, they should set a date for a referendum and let's get on with it. If they don't, they should say so, they should stop playing games and they should enable us all to concentrate on things that matter most to people, which are jobs and prosperity and the crisis in our public services.

Commentary: Mr Howard, through his own eloquence, put across several important arguments against the euro and noticeably, was not questioned about splits in the Conservative party. In the context of a programme lasting three hours, and with 21 feature items dedicated to the euro – only two others containing the opinions of euro-sceptics – this was a very short interview, and unlike the Labour equivalent, was prefaced by views diametrically opposed to his own. It was also one third shorter than the sequence involving Peter Hain – 571 words, compared with 935.

8.42am World Press review

James Coomeramy said that a single story dominated the newspapers in France – the introduction of the euro. He noted that the Figaro was most enthusiastic – naming itself the Figeuro – and claimed that readers would be “pretty happy” that it had rounded down its price to just 1 euro. Mr Coomeramy pointed out that the editorial argued against any suggestion that part of France might be disappearing, and that the introduction of the euro would bring about cultural changes, including the French travelling abroad more. He added that the Liberation, in very small type, said it was putting up its price, and reported on its front page criticism from Brussels that French leaders were not doing enough to mark the arrival of the euro. He said:

Still, boring or not, *La Parisian* picks up the revolutionary theme by pointing out that the French have been storming the cash points overnight, even if its overall tone is 'euro-cautious', with much emphasis on what could go wrong, and advice on how to spot euro forgeries. Still, if you're looking for out-and-out euro-scepticism, there aren't too many party poopers out there, although *Le Figeuro* does carry the comments of two prominent doubters: one says the French will now feel like foreigners in their own country, while the other – rather incongruously calls the euro – the Bin Laden of Europe. Work that one out for yourself. Still, if Britain would seem to be left out of all of this, think again. Most papers conclude that there is a growing inevitability about Britain joining the euro, while in an article entitled 'World Champions but European Citizens', *Le Figaro* points out that especially with so many French and other European footballers playing in the premier league, the English division has been a very effective forum for European integration – as effective perhaps as a single currency. And as if to underline that, the story which shares *La Monde*'s front page with its euro coverage features a picture of Arsenal's French striker Thierry Henry, under the title 'Thierry Henry – King of England'.

Commentary: Mr Coomeramy's observations clearly reflected the enthusiastic reception with which he said the Paris newspapers had greeted the euro notes and coins (said by him to be the introduction of the euro itself). He seemed to push the unimportance of the views of euro-sceptics by describing them as “party poopers” and saying that the views of one of the euro-sceptic arguments he had found was “incongruous”, without giving the listener the benefit of why he thought so. He concluded by introducing another reason why the British joining the euro was “inevitable”. Even if the French newspapers were universally in favour of the euro, this was one-sided reporting. The views of the euro-sceptics could have been explored more to give greater balance.

8.49am Interview with Peter Hitchens and Anne Elizabeth Bouteille

James Naughtie asked whether the euro day was going to be “a new day or a false dawn”.

Peter Hitchens opened by inviting all those who supported the euro to “act as though we had joined it” and fix their salaries, mortgages and savings into it. He claimed that, if they had done so two years ago, they would have suffered quite badly.

James Naughtie asked whether it was fair to judge the currency “two years before it was launched”. Mr Hitchens replied that it was, in fact, two years since it had been launched, and the result had been a 20% devaluation. James Naughtie said he had made his point, adding “we want to get into that it’s not just a question of economics or notes and coins”. He added that before he got on to the very important issue of the politics of the euro, he wanted to ask Ms Bouteille “about optimism”, and whether it might be on a tide of something “rather frothy, rather than real economic prospects”.

She replied:

There’s a fact, and the fact is your joining all these economies and having the currency. First of all, I’d like to say to Peter Hitchens that devaluation isn’t always a bad thing. When you have overpriced goods, overpriced services, when you want to export, actually having a currency at its real value is not such a bad thing, being, you know, hung up on the strong Drachma or Dollar or Pound is not necessarily the best thing you need for your economy. But in general, I think the fact that it’s going to make exchanges so much easier is going to create a momentum of its own. So I’m much more optimistic. I think it’s really something very important when you join all these economies.

James Naughtie then asked about the attachment to currency as a symbol of national power.

Peter Hitchens responded that it was not a symbol but a fact – unlike a flag – but the same as a frontier or an army or a legal system, the asserting:

If you don’t have it, you don’t have a country. Maynard Keynes said, ‘he who controls the currency controls the country’ – and I think he should have known. What we’re talking about here is the equivalent of twelve entirely different people sharing a joint bank account, and nobody actually being in charge. The whole thing is designed to create the desire for a political system which will be able to run the resulting chaos. As for strong currencies being a bad thing, I think that one of the really very serious effects of this for the whole of Europe is on Germany. Now the history of Germany since the introduction of the Deutschmark has been one of stability, growth and prosperity, and now, after all that time, the Deutschmark is being merged . . .

Ms Bouteille first asked: “And you think that brings you rioting on the streets?”, before saying to Mr Hitchens that “he should be in charge of the Tory party...do you really think the Germans are going to riot in the streets – actually they are rather happy and celebrating the arrival of the euro”.

Peter Hitchens pointed out that he had never said there would be rioting in the streets. Ms Bouteille said she would also like to point out that the US did not have a single currency until recently, and so “the idea that a currency and political power is synonymous is necessarily true”.

James Naughtie pointed that Ms Bouteille had some old coins which France had used in the past. She said they showed that coinage was ephemeral. She added that she couldn’t find euros in cash dispensers, showing that it had been met with enthusiasm. Peter Hitchens said it was not enthusiasm but necessity. He added that no-one in France or Germany or Spain had ever had the chance to vote on the euro. Ms Bouteille contended that this was the “dread voice of ideology”.

Commentary: This was a robust exchange that brought into focus some of the arguments for and against the euro. Peter Hitchens had the lion’s share of the time and had put forward that the euro had led to a devaluation of 20%; that, to him, a national currency was as vital as a frontier or a legal system; and that the important point was that demand for the euro was driven out of necessity not enthusiasm.

8.56 Report from Paris bureau de change from Greg Wood

This continued “seeing how the euro was going”. Greg Wood said it was already “quite busy” at the Eiffel Tower bureau de change “with a big sign saying ‘we change francs for euros’ and twenty to thirty people queuing. He asked Jean Pierre Drumage, general manager of Travelex in France, why this bureau was “simply changing French francs for euros, nothing else”.

He responded that the Eiffel Tower company had decided to take euros only from January 1, so the special bureau had been opened “to make it easier” for people at the tower.

Greg Wood asked if he “expected a lot of French people to come to the bureau” if they had difficulties getting cash at the bank. He thought it unlikely. Mr Wood then asked about people from the UK “who had French francs stuffed away in a drawer from a previous holiday. Mr Drumage said that they could feel reassured that it would be changed for the next ten years. Mr Wood thought that was a very long time. He responded that’s what the Central Bank had agreed for notes, though not for coins. Mr Wood asked whether Travelex would have to change the way they did business because of the introduction of notes and coins. He responded that, basically, the euro was just another currency.

Commentary: This was yet another programme item which showed the mechanics of how the euro was being introduced, and contained an interview with someone who had a vested interest in saying that the process was going well.

James Naughtie concluded the programme by saying that “it won’t be long before some (euros) find their way into your pocket, because everyone here is realising that they are going to spread very quickly...and of course they will be crossing the channel by Eurostar”.

PM

5pm Headlines

The programme opened with a question: “The euro is born, but will Tony Blair let Britain join the family?”

It was followed by a soundbite from Norman Lamont, the former chancellor, contending that if he really believed Britain should join, he should get on with it – “the fact is that public opinion doesn’t move and that’s the real test and that’s what he is worried about”.

The bulletin stated: “Millions of people across Europe have been handling their new currency, the euro... There were firework displays last night as members of Euroland celebrated the introduction of the new notes and coins. The EU commission says that the introduction has gone smoothly so far, but the Conservatives have again emphasised their opposition to the new currency”.

Commentary: This stated, in the continuing over-generalised way started on Today, that the euro had been met with celebrations and fireworks. The impression was that everyone in Euroland was celebrating. Mention was made of Conservative opposition to the currency.

5.02 Round-up by correspondents

This opened as follows:

Citizens of the twelve eurozone countries have been united in a single purpose today: seeking out the best possible method of getting euro notes and coins into their possession. The new single currency has been much in demand.

Soon it will be familiar in every shop and restaurant across Europe. In Britain, some stores have said they'll accept euros, even though we – along with Sweden and Denmark - are opting out of the experience. The notes only became officially available from midnight. Now the task is to get people accustomed to how much they'll buy, compared to previous national currencies. We've got a team of correspondents across Europe, who've been watching the changeover day, and how it's been dealt with by individual countries. First Angus Roxburgh in Belgium.

He said that ordinary people had been more than ready to welcome the euro, but businesses less so. He said there had been an "incredible rush" to cash machines "as soon as the grand fireworks displays were over". He said that 600 transactions per minute were conducted through cash dispensers during the first hours of the euro (with no indication of what the normal rate on New Year's Day would have been). He said he himself had withdrawn 70 euros in the hope of getting a variety of notes, but only got a €50 and €20, adding that in cafes also, there seemed to be a shortage of lower denomination notes – "perhaps a flaw in what the Commission says is a pretty flawless operation". He added: "I shouldn't quibble though. The notes themselves are a technical marvel...it's hard to see how there could be a counterfeit", saying that the real test would come the following day when businesses reopened.

He handed over to James Coomeasamy in Paris, who said the changeover had been relatively trouble free. He observed that cash machines had handed out the new money "though it was more difficult spending them", as a taxi driver hadn't been able to give him change in euros and, anyway, believed that he should be dispensing francs. He added that consumers seemed more interested in spending their remaining francs than "dipping their toes in the thus far calm waters of the eurozone". Coomeasamy noted that Lionel Jospin had been out and about buying flowers – virtually the only shop to be open – and had nearly got mixed up by handing over 7 euros for a baguette (the old price in francs).

In Athens, Paul Wood said it had been a slow start for the euro. He said Greeks believed holidays were for friends and family, not for shopping, and noted that people arriving at the airport with fistfuls of euros could not use them because parking machines had not been converted. Wood added that, despite this, the Greeks believed that, although the transition to the euro would not go smoothly, it would be a good thing for Greece, as the country had received billions in subsidies from the EU. He added that the euro revealed what a cheap tourist destination Greece was – the cost of a Big Mac being just €1.11. He concluded: "It remains to be seen whether the single interest rate for Frankfurt and Brussels is also what suits Crete".

Flora Botsford in Madrid also observed that people in Spain had been queuing to change their pesetas, pointing out that 900 banks had opened especially to serve "the first eager customers". She said that people were waiting up to half an hour at cash machines "to get their hands on the new currency", but noted that not all machines had been switched over. She claimed a government helpline had been flooded with inquiries about the new currency. Ms Botsford said that although few shops had been open, bars had been serving customers in euros, and that petrol stations – which had officially put up prices – had also converted. She said that although tourists arriving in Spain were keen to try euros, taxi drivers were still not ready to handle them.

She concluded:

The government says that with around 40 million visitors coming to Spain every year, Spanish euro coins are likely to have the widest circulation in Europe, as the country presiding over the European Union for the next six months, Spain does have some responsibility for the euro changeover. But as one government official grumbled, Spain will be blamed for any hitches; it won't get the praise if all goes well. And when everyone was worrying about euro security, the Spanish Government can't have been too pleased to represent the only country in the eurozone where a bank robbery has already taken place. Ninety thousand euros were stolen yesterday, from a bank near the city of Zamora.

Commentary: The introductory sequence said that the citizens of Euroland were united in a single purpose – seeking out euro notes and coins, the new currency has been much in demand. This sounded as if people were rushing to find euros through enthusiasm – there was no mention of necessity and that, for example, in Germany, they had no choice. The earlier part of the item also suggested there had been celebrations to mark the Euro's arrival, again without any qualification that it was also New Year.

Angus Roxburgh in Brussels reinforced this feeling of enthusiasm by reporting “an incredible rush” to cash machines as soon as the grand firework displays were over. He mentioned 600 cash machine transactions per minute without reference to the normal rate or of the sheer necessity for ordinary people to acquire euros to go out about their daily lives. In short, he made it sound like a massive party, adding in his unqualified enthusiasm that the euro was a “technical marvel”.

James Coomeramy in Paris, whose early observation for Today, that there was less of a party in Paris, were not repeated, did say that the emphasis was more on spending francs than finding euros.

In Athens, Paul Wood, said – in contrast to the intro – that it had been a slow start for the euro. He mentioned problems with conversion, but said that despite this “the Greeks believed that it would be a good thing for Greece”, adding that the euro revealed what a cheap holiday destination it was. He mentioned, alone among the correspondents, that there could be some problems with a ‘one size fits all’ exchange rate. This was a more rounded contribution, but gave the clear impression that, in Greece, scepticism about the euro did not exist.

Flora Botsford in Madrid, returned to the enthusiasm theme, mentioning 900 specially-opened banks, “eager customers” and flooded helplines. She also pointed out that not everyone was ready for the changeover – and the first euro note robbery.

Overall, this was reporting that was over-general, and over-simplistic, structured to give support to the introductory mentions of partying. The correspondents in Brussels and Paris were eager to convey the impression of people rushing willingly to cash machines in their enthusiasm to get their hand on euros. Paul Wood in Paris reported a much more cynical mood, but glossed over altogether the issue of scepticism about the new currency.

5.12 Interview with Lord Lamont

The interviewed opened as follows:

Now there’s a club of twelve euro-adopters and three refuseniks: Britain, Denmark and Sweden. Both here and in Sweden, the governments are debating when to hold referendums on joining the single currency. The Swedish Minister for Europe is Lars Danielson.

LARS DANIELSON: Now we’re getting there, we have seven years of membership behind us, we have a presidency of the European Union, where we gained a lot of knowledge about how the European Union works, and now I think we’re approaching the time where people say, ‘Okay, let’s go for it.’

CQ: The European Commission President Romano Prodi has been among those EU officials voicing hopes that the new reality of the euro will convince sceptical Britons to sign up – but Britain’s position remains the same today post-euro as yesterday pre-euro. Tony Blair has said that an assessment of the five economic tests set by the Treasury as a decider for entry will have been completed by June 2003 – only after that will a decision be made on a referendum. But opposition to the single currency remains vigorous – the former Chancellor Lord Lamont told us that Britain should be rejoicing that sterling is still legal tender, though he acknowledges that the British public has no fears about the new currency.

Lord Lamont said people weren’t physically afraid of the euros, but said the problem with it was that it had contributed to recession in Germany by necessitating interest rates that were too high. Carolyn Quinn contended that these were teething problems. Lord Lamont said that, on the contrary, these were “fundamental problems that different economies have different needs and you cannot reconcile the needs out of one interest rate and the Central Bank”.

Carolyn Quinn asked about the argument that Britain would lose out in terms of trading possibilities “and also the isolationist argument that we can’t take a lead in Europe if we continue to stand away from the euro”.

Lord Lamont discounted losing out on trading terms, and contended that there were very good arguments against the euro, with most of the nations accredited to the UN having their own currency. He added: "Britain is the fourth largest economy. What on earth are we talking about that we can't have our own currency".

Carolyn Quinn continued:

How soon do you think that Tony Blair will decide to press ahead with a referendum?

LL: Well, I think he ought to get on with it. I think it is quite shabby really to be trying to introduce the euro surreptitiously, to try and talk shops into accepting it in this country in order to try and get it in by the back door. If he really believes that Britain should join the euro, get on and do it, but the fact is that public opinion doesn't move and that's the real test, and that's what he's worried about.

CQ: Do you think the economic tests are still relevant?

LL: Well, I think the economic tests are relevant, but they are not capable really of scientific measurement. And if you take the most important test, which is whether the British economy is becoming more convergent with European economies, I think you could only measure that over two or three cycles, over a decade and a half possibly.

CQ: So is this a happy or a sad day for you?

LL: I think it's a good day in the sense that Britain is not in it. I think this is a mistake that Europe has made. I notice that the Nobel Prize-winning economist Milton Friedman the other day said that he thought that the euro was a fundamental error. There's one very interesting thing about the euro since it was introduced in 1999: European economies have grown more divergent, they have grown further apart, their inflation rates are now further apart than they were when the euro was created. Indeed, such is the difference that some countries today wouldn't qualify to join the euro.

Commentary: The piece opened with the Swedish minister for Europe suggesting that a referendum on Sweden joining the euro was likely to be held soon, and Caroline Quinn mentioning Romano Prodi's hope that the new reality of the euro would convince Britons to sign up. The choice of Lord Lamont as a spokesman for the "vigorous" voice of euro-scepticism continued the programme's habit of going to former front-bench Tories rather than current ones. He advanced several of the main arguments against the euro and the government's euro policy and Caroline Quinn gave him clear space to do so.

5.32pm introduction of euro in Rome, Dublin, Frankfurt

David Willey said that as the lira had depreciated by 7,000% since its introduction in 1861, there were few tears for the past "and no regrets" that people would no longer have to calculate in millions of liras. He said that a competition was being held to design a memorial to the lira, to be made out of bronze lira coins. He added that between a third and a half of ATMs had euros, so fears of a shortage had not materialised. He claimed that millions of Italians already had euros in their wallets in an effort to familiarise themselves with the new currency, and mentioned fears of counterfeiting and price rises.

James Helm in Dublin said that a man in the newsagents had simply stared at the new notes and that a family had queued to wait until the euro popped out so they could have a look. He said that PM Bertie Ahern had been out to buy a pint of milk, fruitcake, two pears and lottery scratchcards, speaking of his optimism for the project "and how the euro would be a stabilising point for Ireland's economy". Helm said that an advertising blitz about the euro appeared to have worked, though the real test would come when the shops reopened. He added: "Ireland's changeover does appear to have started smoothly, a bonus for Mr Ahern in election year".

Patrick Bartlett, in Hamburg, asked Ulrich Beckman, an economist at Deutsche Bank, how prepared the Germans had been for the euro. He said "they were very prepared in the end" and contended that most people who were previously not in favour of the euro had changed their minds. "I think most people were in a festive mood yesterday and still probably today". He added that most cash machines were giving out euros, which made life easier as people had to get used to the new currency. Mr Bartlett asked him if there was a danger of prices being pushed up. Mr Beckman said it was a very, very limited risk because

competition was fierce in the retail sector. Asked by Mr Bartlett whether the UK would join the euro, he added it would happen within the next ten years “when they saw it was something good”.

Mr Bartlett then asked shoppers whether they had paid in euros. They said they had pocketfuls of both currencies and had some nostalgia for the mark, claiming also that prices seemed a little higher.

Commentary: David Willey in Rome, pointing out the rather odd fact that the lira had depreciated 7,000% over 140 years – and used it as the reason why the Italians had no regrets that they would no longer have to deal with liras. He claimed that fears of a shortage of euros had not materialised (a point contradicted by later reports that only 3% of transactions were being carried out in liras after two days). He claimed that millions of Italians already had euros in their pockets but did not say how they had procured them.

James Helm in Dublin chose to reinforce the atmosphere of enthusiasm by mentioning a family queuing for euros simply to see what they looked like. He also emphasised that the Irish prime minister saw the euro as a “stabilising point for the Irish economy”, that the changeover appeared to have worked smoothly and that this “was a bonus for Mr Ahern in election year”.

Patrick Bartlett in Hamburg spoke to a euro-enthusiast at Deutsche Bank and, unsurprisingly, obtained from him the opinion that the changeover had gone smoothly, so much so that those not in favour of the euro had changed their minds. The interviewee dismissed fears that price rises would be triggered by the introduction of notes and coins, said there was a “festive mood” and believed that Britain would join the euro “when they saw it was something good”.

Overall, this sequence – as with the earlier correspondent round-up – reinforced the suggestion that, almost universally, the euro was being seen as “stabilising”, “something good” and an occasion for festivity. David Willey appeared to suggest that there were no reservations about the euro in Italy, an assertion contradicted by events over the next few days. The correspondents did mention that glitches could be in store, but overall, the impression they conveyed was that the new notes and coins were being greeted with very few, if any, doubts. The choice of the interviewee in Frankfurt reinforced the impression strongly.

5.50 Listeners letters

The selection included claims that the euro could be a repeat of the rip off of decimalisation in 1971, and attack on Eddie Izzard’s support for the euro, a listener who saw no point on holding a referendum on euro entry as governments didn’t ask permission to spend aid on Tanzania and, finally, one who contended that Edward Heath had lied in 1973 about the European project – its real aim was political unity.

Commentary: These were varied and ‘balanced’ views on the introduction of the euro.

5.54PM Public response to euro at Waterloo Station

This was another report which described the process of the introduction of the euro, this time at Waterloo station.

Caroline Quinn said that although Britain was staying out of the euro, people would get a chance to handle it and use it at a variety of stores and tourist venues. She handed over to Terry Steasny at Waterloo.

She said they had sold at the bureau de change they had sold “many” euros, but “no one has yet changed any into Sterling yet”. She added that cashier Myri Patel claimed he was doing less business because there were now fewer currencies to deal with: “...it’s easier for the cashier, but we are going to lose a lot of business”.

This wasn’t picked up (bureau de changes going out of business?) but Ms Steasney said she had got her first ever euros “I’ve got the €20 note, which is the largest, it’s blue...I’ve got two €10 notes, which are

red-y....and finally the € note, a sort of silvery grey.” She added that although you could obtain euros, you could not yet spend them in the kiosk near the check-in, as the Ukrainian waitress in the café was “still confused by the new currency”. Steasny went on that people waiting to catch trains were intrigued by the notes and included vox pops with people saying that they didn’t really want existing currencies to change, that the notes looked straightforward, that they “weren’t as plasticky” as UK money, that the euro would be great for travellers in Europe, that it looked like fake money, and that it wasn’t an easy change.

Commentary: It is hard to see what this piece achieved, other than first impressions of what the notes looked like and what people’s first impressions of them were. The main point to emerge during the interview – that bureaux de change could lose business – was not picked up.

BBC 10 O’Clock News

Peter Sissons opened:

Here, the Conservatives have accused the government of trying to fool the country into believing that Britain joining the euro is inevitable. The Tory Party chairman said the arrival of the new currency was no reason to hand over control of what still the fourth largest economy in the world. But the government has welcomed the launch. Ministers hope that people will adopt a positive attitude to the euro, now it is in use.

John Pienaar said that the euro debate was now a lot more than hot air “...shoppers can spend it in British stores and millions of people travelling to Europe will bring back euros”. He added that the government was hoping that familiarity “would help persuade the sceptics”, before including a soundbite from Peter Hain arguing that he hoped that once people could use it, they would adopt a “positive attitude – because it’s facts and realities, not prejudices and fears”.

Mr Pienaar added that polls “say most people say the euro’s bound to replace the pound, whether they like it or not”, before saying that “The Tories say there is nothing inevitable about it”. He included actuality from David Davis, the Conservative party chairman:

The government is trying to claim that it is inevitable, because that’s the only argument they have in favour of it. But this is not an issue of notes and coins– it’s about jobs, taxes and controlling our own future.

He then showed the Liberal Democrat at a ski lift, paying for his ride in euros, before adding:

The Lib Dem leader wants us all to pay in euros, all the time, and as soon as possible. Charles Kennedy used his holiday in the highlands to make his point. He’s keen to get the pro-euro campaign going, and he feels the government’s moving too slowly.

CHARLES KENNEDY: British jobs and British industry loses out if we’re not full members, full participants of the single currency. So the government has got to act on getting a referendum and getting a timetable in position this year.

JP: There’s still a lot of public scepticism to the euro. That’s one reason the government’s promised to assess the currency objectively, against economic tests, before calling a referendum. Privately, Ministers admit that familiarity is more likely to convert people than speeches and publicity stunts. Even so, now the euro is a reality, the campaign to swing public opinion behind it is about to be stepped up.

The report was followed by one from Evan Davies in Germany. He said feelings in Cologne were half-hearted as “the country’s in recession, and almost unanimously forecast to grow by just 1% this year, and that the ‘one size fits all’ economic policy of the euro isn’t helping”. He included a soundbite from a woman who said she would miss the mark “it was always stable and you could trust it”, before saying there was better news as some shops were rounding down prices. He added that notes and cash were important in Germany because the credit card hadn’t penetrated as much – a reason that they had insisted on a euro note worth €300. He concluded: “Here’s a little known fact: central banks actually earn their profits by printing and distributing notes. The Germans have earned more than most by exporting their successful DM around Europe. Those German profits will now be shared by the European Central Bank – just another reason why the Germans are sad to see the DM go”.

Commentary: Evan Davies' report – in sharp contrast to most of the reports on the first day of the euro – was the first to be angled mainly on that there was some regret at the passing of the old currencies. It underlined just how slanted all the other reports to date had been – angled on the “happy arrival” of the new rather than the passing of the old. His mention that some prices were down was, however, problematical. A report in the Financial Times (January 23) suggested that the first data about inflation in the eurozone for December/ January showed that prices had increased as a result of the switch; prices such as that of a baguette in Paris had risen; and the inflation rate in Germany had gone up from 1.7% a month to 2% a month. A reporter passes on the information he gathers, but it is important also that the larger picture is taken into account. The impression given was that fears of price rises were not justified – clearly that was not completely warranted, despite all that EU commissioners had tried to say to the opposite.

John Pienaar's report fully took into account the Tories worries about the new currency, but the main thrust of his report was on the government's hope that the new currency would lead to changes in the public's attitude towards it. Mr Pienaar's remarks about the polls – that most people said that the euro was bound to replace the pound, “whether we like it or not” were selective and he did not say that they also showed that currently most people do not want to join the euro (even at the end where it was especially relevant). The structure of the report, in also including pro-euro opinion from the Liberal Democrats, underlined the problem that ‘balanced’ reports about euro-sceptic issues often contain two views in favour of Europe-related issues against one against, even though there are euro-septic voices in all three political parties.

January 2

Today

Bulletins

The 6am opened with the assertion that the new currency faced its first real test, with workers on high alert for counterfeits. Patrick Bartlett said:

Though many stores have taken on extra staff, few doubt that there'll be long queues at cash tills. To minimize delays, consumers are being urged to pay with credit cards wherever possible. The authorities believe now is the best opportunity for counterfeiters to flood the market with fake bank notes: consumers are still unfamiliar with the new currency, and shop workers struggling with euro conversion rates may be less likely to detect any forgeries. Perhaps the biggest practical worry is that there won't be enough euro cash in circulation. Europe's Central Bank say they're confident enough currency has been distributed to those traders who need it. But if there is a shortage, some businesses may be forced to revert to giving change in the old currency, or else shut up shop early.

There was also a mention of strikes at banks in France and Italy.

At 7pm, Angus Roxburgh provided a different report:

Billions of the new euro notes and coins still have to find their way into people's pockets. That process will take a big leap forward today, as supermarkets, department stores and banks reopen for business. As far as is possible, change should now be given in euros, even if payment is made in a national currency, and EU officials will be monitoring progress closely to see if bank notes and coins have been issued in sufficient numbers to cope with demand. The public have also been warned to be on the lookout for forgeries – both of the new notes and of the old currencies being cashed in. Many people though will have enough on their minds trying to calculate the value of their purchases and checking that retailers are not taking advantage of the inevitable confusion to put up prices .

And at 8pm, there was another version – from Patrick Bartlett – again pointing to the pressure on cash machines and the danger of forgeries. There was also a report from James Coomerasamy about the potential for disruption of the bank strikes

Commentary: These were straightforward reports about the logistics of the introduction of the euro.

6.12 (and 6.43 and 7.44am) Newspaper review

The first review focused on claims by the Mirror that it had bought the first cup of coffee in UK to have been paid for in euros, and the Sun's focus on euro "rip-offs". Sue Macgregor added that Peter Hain's remarks on the Today programme, doubting that it would be possible to run an economy with both the pound and the euro for long, were reported, with the Guardian saying this meant the euro was inevitable for the UK, while the Star had called it an "apocalyptic new year message".

The 6.43 version said that the FT's reporter had seemingly gone to the greatest lengths to try and spend euros, travelling from Helsinki to Greece. It said the Sun complained about the high cost of converting euros in the UK stores, the Independent following a similar line. The review concluded that "nothing could dampen the Mirror's euro enthusiasm".

The final version again examined the various newspapers' approaches to spending euros and returned to the Sun's warning about euro rip-offs. It mentioned again the remarks made by Peter Hain, as reported in the Guardian. It wrongly assigned the Daily Star headline mentioned above to the Daily Mail

Commentary: This was a balanced report of the contrasting reporting of the reception of the euro.

7.10 Ken Jackson and Frank Field

This was designed to contrast the approach to the referendum on the euro by two members of the Labour party at opposite ends of the debate. It yielded an important news story.

The item opened with James Naughtie saying that the presence of euros was bound to lead to the government being asked more searching questions about the timing of its referendum. It then shifted to a vox pop from Mike Thompson, quizzing Eurostar passengers about their reception of the euros.

All four were positive about the euro (one saying it was "beautiful") and all expected to be able to spend it in the UK high street. The type of question was: "You are confident that you will be able to spend them here?", the answer to which was 'yes'.

James Naughtie then switched gear:

There are lots of euros coming in. Well, the Whitehall line of course is that the Treasury is going to decide on Gordon Brown's famous five economic tests within the next seventeen months. Peter Hain, the Europe Minister repeated that on this programme yesterday. But on the two sides of the argument, there is some pressure emerging for a speeding up of things. Sir Ken Jackson, formerly of the engineering union the AEEU – it's changed its name now to Amicus, like everyone else – is a very strong campaigner for British membership, and he wants a quick referendum. So does the Labour MP Frank Field, for the opposite reason: he thinks it will produce a 'no' vote, which is what he wants. They both join us now. Sir Ken, why do you want the government to speed things up? After all, public opinion says 'no', if the government has a quick referendum and loses, it's not very good news for Mr Blair is it?

Ken Jackson contended that the argument "had not been put yet" and the argument was "going by default". He claimed that the delay and uncertainty was crippling Britain, especially manufacturing industry because the uncertainty meant that people "will not invest, they are not making long term plans, investment has fallen in Britain, France has overtaken us now as the leading investment area in Europe". He added that the debate needed opening up and got out of the way.

James Naughtie:

Can I suggest to you, I mean if you're saying that the argument's going by default, that the organisation Britain in Europe, which is supposed to be campaigning for the euro, is being knocked into the ground by the various 'no' groups, who are so enthusiastic, and in many cases quite clever with their publicity and so on, and they're pushing the argument, they're making the running.

KJ: Well of course, and the problem we've got with British industry in particular is that they're not going to put money in, they're not going to put resources in, they're not going to join in the debate until they know that a referendum is imminent. And this is a big problem, we've now had this debate going for over two years , , ,

JN: And you concede you're losing the propaganda battle?

KJ: Well I don't think the propaganda battle has actually been entered into yet, because the debate isn't there. The debate from British industry about jobs – I attended a manufacturing summit only a month ago with Patricia Hewitt and leading industrialists from this country, and everyone made the point: that unless there is a decision on the euro in the immediate future, investment will suffer. Now everyone made that quite plain to Patricia Hewitt.

James Naughtie then turned to Frank Field:

JN: Frank Field, you're on the other side of the argument, but you believe in a quick one as well?

FRANK FIELD: I believe in a quick one, not as you billed it Jim, that somehow this is a sure way of ensuring defeat for the government.

JN: I didn't mean to imply that.

FF: I don't think the government will win the debate whenever it has it. And I think there are, for reasons that Ken's just given, some very good reasons for having that debate now and quickly. Although I think it's interesting that the 'no' campaign is able to raise money, but Ken's campaign is not able to raise money. But the real difficulty the government faces is that it's creating an image about its own activities which I think is similar to the Grand Old Duke of York – I don't know how many times now, is it seven, eight, nine, ten, eleven? – where you've been briefed that this is the real beginning of the campaign to take us into Europe, and the troops have been marched up the hill, including Ken, and then marched down the hill again, pretty promptly, when it looks as though that beginnings of the campaign has not kick-started public opinion into a bigger acceptance of the euro. Now I don't think that's going to come, and I think it would be much more healthy, for the reasons Ken has said, to get this debate out of the way and for Britain then really to find its new role.

JN: But if you're the Prime Minister, Mr Field, if you were the Prime Minister, you would say, 'look, I believe in this, I want to get in there, because I've come to the conclusion it is a good thing, not a bad thing.' Therefore you wait in the hope that the tide will turn don't you?

FF: Well it's about the only issue in which I can't imagine I'd be the Prime Minister! In that I hope that I wouldn't have got myself into this position of raising expectations, and then regularly defeating them in the way that the Prime Minister does do.

JN: Do you mean that he's started a campaign which he's not yet willing to lead?

FF: I think the government knows that when it does have this campaign, that if it doesn't win then the government is broken backed, and then we'll just drift on to the next election and probably will then be dismissed.

JN: That's a very startling prediction isn't it?

FF: I think it's – well one saw it in Denmark, it's the only . . . well, two countries . . .

JN: (*interrupting*) You're saying if the government loses the referendum, it'll probably lose the next General Election, despite having a majority of what – around about 170?

FF: Yes, I think this will have to be presented as so crucial to what the government wishes to do with the country. If the country then says, 'well actually we want to go in a different direction to you' then that has the most significant long-term consequences. And that's why, of course, the government is nervous about calling the campaign, because it has made the stakes now so high.

JN: So Ken, do you agree with that analysis? That if the government loses the campaign, it's had it?

KJ: No, I don't think so at all, and I don't think the Prime Minister believes that. I think that we've got to have the debate, we've got to make people aware of the consequences of not joining, that there are 3 million jobs at stake in terms of manufacturing in particular. I think there are the resources to go into a debate and a referendum, and I think you've seen over the last few months companies who are actually making provision at their annual meetings to put money into a referendum as and when it's called.

FF: Ken, can I just say, this whole line about the scare tactics, the number of jobs and so on, we sought membership of the European Community, because the politicians just didn't know what to do. They thought we were a clapped out economy and so on. The transformation that has occurred is so dramatic, and Britain's position in the world is so changed, that we've got this extraordinary position where the politicians are still running an old script of the 1960s

KJ: *(interrupting)* In all fairness, Frank, they're not scare stories where we've lost over 300,000 jobs last year. I'm aware now that at least another 300,000 will go this year.

JN: 300,000 right. We're going to have to leave it . . .

KJ: You know and I know that over the last . . . Frank, I'm on the ground, I know the redundancies that are in the pipeline, I know the jobs that are at stake today.

FF: *(speaking over)* Since we came out of the last recession, there are 2.5 million extra jobs in this country, more people are in work. Those are the facts that one has to put forward to the British people.

KJ: But they're not, they're not facts.

FF: We should be able to get on and have this campaign quickly.

KJ: Manufacturing is in meltdown.

JN: Last word, meltdown, from Sir Ken Jackson.

Commentary: The vox pops at the beginning, continuing the trend established the day before, were uniformly eulogistic about the euro. This was boringly predictable. The exchanges that followed were important. James Naughtie elicited from Ken Jackson his views on why entry to the euro was vital, putting it to him the interesting point that the pro-euro groups were being "knocked to the ground" by "quite clever" publicity by the 'no' camp. Frank Field – in a rare appearance by a eurosceptic Labour MP (a parliamentary grouping of at least 28) – put strong arguments why he thought the referendum debate should be got out of the way and his criticism of the prime minister for raising expectations and then lowering them. It showed vividly that within the Labour party, there were sharp divisions over the euro, albeit among a relatively small minority. It was striking that this topic was not developed further – and Today did not seek to follow up the remarks of Mr Field by, for example, putting them to a member of the government.

The first part of the piece

8.40am Interview with Karen Montpellier about French banking strikes

Sue MacGregor, after noting that bank and postal workers were threatening to go on Strike the following day over pay and conditions, asked Karen Zial-Montpellier if the unions were "against the euro, or is this something wider than that?"

Ms Montpellier responded that no-one was against the euro. Ms MacGregor interjected "well maybe not in France anyway" before Ms Montpellier explained that the dispute went back several years. She said it was hoped to cause disruption, but it was not possible to tell in advance how much. Ms MacGregor asked if there were concerns about fraud and crime. Ms Montpellier responded that they were one of the main reasons for the strike.

8.47am World press review

This was delivered by Rod Broomby in Berlin.

Good morning. And there's no difficulty guessing what's dominating the headlines in Germany: the first day of euro. 'The Germans part with the Deutschmark at record speed' says Der Tagespiegel. 'Finally everything in euro' shouts the headline in the popular Bildzeitung – they've added a row of extra zeros for effect: hopefully not an indication of things to come. 'Millions of Europeans storm the cash points' it adds, 'and prices fall' – they're talking about the numbers of course, and not inflation itself. The paper makes up its own word to capture the dangerous thrill of the new: it is, apparently, 'eurotic', steady on! The paper goes on to describe the sensation of touching the new notes and coins as 'a strange inquisitive feeling, somewhere between a eurorush, euroscepticism and fear.' But, it concludes 'forget yesterday and look to tomorrow with confidence, we're all starting afresh.'

Giving it a more historical context, the influential Sueddeutsche Zeitung says 'Europe steps into a new era, silently and without an upsurge of feeling, the new currency came into being overnight. No pain, no melancholy and

without fear' it says. 'That the euro was so naturally welcomed politically and in society can only make it more stable and less suspect.'

A pause for thought though, in its lead article, the more conservative Die Welt says 'Europe's political infrastructure is taking shape, but what about the human infrastructure?' it asks. 'Most European contact is on holiday, but who can say they have lasting friendships with work colleagues, not just in London and Brussels, but also in Milan, Lisbon, Helsinki and Leipzig? The euro is a revolution from above, what is needed is a revolution from below.' It concludes. What's required, it adds, is apparently a 'network of relationships between Europeans.'

Commentary: Rod Broomby's selective report continued the impression that there was no opposition to the euro on the continent. The listener had no means of knowing whether the reports he had chosen were representative.

PM

Bulletins

These reported that the EU had said it was "extremely satisfied" with the way the launch of euro notes and coins was progressing. It said there were reports of notes running out in some areas, with a temporary breakdown in Austria of all ATMs.

5.02pm Angus Roxburgh

This was an item partly based on Mr Roxburgh's experience in spending euros, and partly on the EU Commissioner's verdict on how the introduction was going. He first got into a taxi, where the driver gave him the correct change in euros, then to buy two beers and a sandwich, where again the transaction went smoothly, albeit more slowly than usual. In a supermarket, he also managed to buy goods in euros without problems, then interviewing manager Alain Pounod about how it was all going. He said it was going very well: "The people are happy with the euro". Mr Roxburgh concluded that his shopping expedition had "all been fairly successful...long may it continue".

Presenter Carolyn Quinn then asked Pedro Solbes, the EU commissioner responsible for the euro introduction, whether "Europe can escape without major glitch". He replied:

Well, for the time being I am very happy, but I understand that we are the beginning of the process. So we have not to say that everything is already finished, and that everything is wonderful. We still have to do a lot of effort, we have had the experience that the first day was easy in a certain sense, and now we have to go on this week. Saturday will be a very interesting day, because it will be a day with a lot of shopping, and so I think that before we say that everything is okay, we have to wait a little bit more time.

CQ: There have been some practical problems, for example in Austria, the cash machine system has broken down – do you anticipate further problems like that?

PS: Well, you know when you introduce new technologies in such a complex system you can wait for some difficulties of this nature. As concerns the *(words unclear)* it is a typical case of it not functioning, this system. But the problem has been solved in a certain period of time, and according to my information it is already running very well.

CQ: The European Consumers Association is already warning that some people could suffer if retailers, businesses decide that they are going to round up the money rather than rounding it down. How do you know that people won't get conned?

PS: [*misunderstands question*] Well, you know, concerning this possibility, of being run out of money exists mainly because a lot of people are trying to change it, not in the banks but in the retailers, the big denominations. Of course I am worried about some of these elements, and my recommendation is please do not go with national big denominations to the retailers – the function of these retailers is not to change money, and if you want to change big denominations, the best thing to do is to go to the bank.

CQ: Do you not worry that you are now leading Europe down a road from which there is no return?

PS: No, the fact is what we are doing is together, what we did in the past in an isolated way. I remember very well when I was responsible for the economic policy in Spain, we had to look at what was happening in Germany

every day, before we had done our own decisions. Today, we Spaniards are participating in the European Central Bank with the others, and so we have not given up our sovereignty. What we are doing is to use the sovereignty in a sure way with the other members of the Monetary Union.

Commentary: This was hardly a testing interview. Angus Roxburgh's report – though witness to the introduction of the new- was a simple statement of the obvious. He would presumably argue that he would have reported glitches if they had been there. But as it was, this gave a simplistic view of the introduction of the euro by people who were enthusiastic about it. Pierre Solbes was asked whether there was any way back on the euro. He gave the EU party line that all was going as well as could be expected, and that monetary union meant sharing sovereignty, not losing it. He was not asked about any of the more complex questions relating to the working of the euro, for example the problems of Germany or in his own country.

5.32 Interview with Commerzbank

Caroline Quinn said that as the eurozone countries got to grips with the new currency, the discussion continues “about how long Britain can stay outside the euro”. She added that within Labour ranks, there had been the first rumblings of concern, the MP Frank Field “who is against joining the euro”, warning a referendum could lead to defeat for Labour in the next general election. She said that euro-sceptics had also staged a demonstration outside the Bank of England carrying a coffin bearing the message 'death of the 12 nation states, killed by the euro'. Ms Quinn said that Terry Steasney had been assessing the mood in the city to the new currency.

He observed that the euro wasn't new to city traders because they had been using it for three years. He added that it was the first today those traders had had to assess whether the availability of notes and coins would affect the value of the euro against other currencies. He asked Nick Parsons of Commerzbank what the impact had been. He replied that it had seen the biggest one-day gain since launch, its value up 61.2p to 62.8p. Mr Steasney said he did not put it down to enthusiasm for the new currency, with Mr Parsons himself saying it was a “hard business decision” that the launch had been one of the few positive bits of news to come out of Euroland for some time. He added that there was really no difference in trading on that day, as the euro had been around for three years “the only difference today is that the euro affects the lives of 300m people whereas before it affected probably about 1m”.

Justin Urquart Stewart, of Severn Securities, said that the shine on the new currency would last about as long as that on the coins, and observed that as Germany – one of the key players in Europe – was in recession with little sign of bouncing back, it was likely that the euro would stay low. Mr Steasney concluded that with the city still relatively quiet, it would be a while before the verdict on the euro was passed.

Caroline Quinn, then interviewed a coffee bar owner opposite the stock exchange in Frankfurt about how the introduction of the euro had gone. He said that they had ordered enough change and bills to deal with demand and that there had been some problems on both sides of the bar in dispensing change. He added:

Well, when I used to live in the UK I used to be very against the euro, and I would say for some very macro reasons: it probably could be a flawed concept to have a monetary union without a political union. But from a practical level and from being a retailer and consumer, I think it's a good idea. I mean, I travel a lot to Holland and Belgium, France– and now I won't have to change cash in order to be able to spend it there. I can keep whatever I take out of cash machines and bring it back and spend it here. And for that it's a good thing, and for price comparisons, it's an excellent idea. I know that the UK is still very against the euro and wants to keep the pound, but let's see what happens in the future.

CQ: And can you guarantee all your customers that you won't secretly raise the prices?

TB: We have raised our prices a little bit. We've used this for the very, very selective re-pricing of items and we've rounded the rest of the prices just a little also – maybe 2%.

CQ: Has anyone complained?

TB: No. I think people have much more different things on their minds right now.

Commentary: The opening line mentioned Frank Field's reservations in his Today interview about the referendum, but the programme decided not to explore whether this was a view shared in any other sections of the party. Instead the focus was on examining how long the UK could stay out of the euro. This was a deliberate choice of phrase that implied an inevitability in Britain joining. A neutral way of putting the point would have been: 'the discussion continues about whether Britain would join the euro'. The first interviewee – though spotlighting the biggest-ever one day rise in the value of the euro – was nonetheless at pains to point out that this should not be taken as an indicator of how the currency would perform following the introduction of notes and coins, as did the second interviewee. Caroline Quinn's interview with the German coffee bar owner was yet another example of a European in favour of the euro, albeit with minor reservations (that it would not work without political union). He also revealed that he had done precisely what a whole raft of pundits had said businesses would not do – put up prices. This point was not pursued. Given that he was doing what the EU claimed would not happen, this was a glaring omission.

5.46 Interview with the Mesdames Soleil

The purpose of this live television interview was to ascertain how the changeover was going in one part of France. Mother and daughter both professed to be sad about losing the franc, but said they would "have to get on with it". This was not explored further. The elder Soleil said that some people might have difficulties, but there had been training sessions. She added that there was some confusion in some shops where prices were still in both francs and euros. Her daughter said that she used her credit card a lot so wasn't encountering euros much, but that her husband had managed to buy cigarettes. She predicted that there would be confusion until February 17 when the final changeover was implemented. She said there had been no bad temper, only moaning that some things were involving queuing.

Carolyn Quinn concluded: "There we are. Coping with the euro that's the real view".

Commentary: This conveyed that Europeans were not uniformly embracing the euro with open arms, despite the drift of most of the reports from correspondents and most of the content of vox pops to date. It was striking that outside the capital cities where most of the reports had been based, there was perhaps a slightly different view of the new currency.

BBC 10'CLOCK NEWS

Peter Sissons opened with:

Euphoria in Euroland – the Commission says it is going better than expected The euro faced its first big test today, as Europe opened for business after the New Year holidays. Millions of people, and businesses large and small in the twelve participating countries have now handled the new currency, and despite some teething problems, including long queues at many banks, the European Central Bank said the changeover was going better than expected.

Evan Davies said that a study forewarned of much confusion and chaos, but "It was the worst confusion since the Millennium Bug". He said there were glitches – queues at cash machines – "but they've avoided catastrophe", adding that the Central Bank crisis centre was more of a 'what crisis?' centre. A spokesman from the Dutch Central Bank said the biggest problem was that they did not have any problems, though there would be further tests over the coming days. Mr Evans added:

There's no room for complacency though, the shops blame the banks for handing out the notes in too big denominations. And then there's that other thorny subject: are the shops rounding prices up as they reset them in the euros? If shops did choose to raise their prices en masse, you'd find it hard to spot, because they're converting from their old prices to new prices over the course of several months. If they did, the rip-offs wouldn't last long, because ultimately competition holds prices down, and after a while you'd expect competition to get prices back to where they would have been anyway. *from a supermarket*) Price converting aside, at this supermarket the changeover overall is occurring faster than expected: people dumping their old currency.

A supermarket manager said that the whole process would be over in ten days to two weeks. Mr Davies then asked what the conversion had costs, with his Dutch Central Bank spokesman asserting €4.5bn. Mr Davies concluded:

All that implies that the overall cost of conversion is £200 for each person in the country. At that price, UK conversion would cost £11 billion – for that price, it would seem, you could have a new currency and a few days of minor malfunction. This is just day two, yet what the Europeans really want to build is a currency to match the US dollar, internationally respected, internationally used. But even in Britain far more of our importers and exporters are trading in dollars than in European currencies. So in terms of the big goal, the European work is only just beginning.

Peter Sissons handed over to Jeff Randall who looked at how many people in the UK would use the euro. He said that shoppers had poured in to the sales “with barely a thought for the euro”. He said some stores – such as Dixons were geared up for receiving the money “but the single currency remains a novelty”. He added that Dixon chairman Sir Stanley Kalms, did not expect it to challenge the pound while sterling remained outside Euroland:

Our own view is that even the next few years, no more than a tiny handful of our shops will be taking the euro as a regular currency, and only those in the centre where there’s a lot of tourists. And even there, we’re sceptical that it will even reach one percent of our turnover.

Mr Randall said that even at Marks and Spencer’s, where foreign currency was up to 20% of turnover, it was not expected that the euro’s arrival would have much of an impact. A spokesman said he never expected it to grow to a “significant amount”. Mr Randall added:

Of course, it’s not British shoppers who will make or break the euro. The real challenge will be how the single currency handles the inevitable ups and downs of the twelve very different economies that comprise Euroland. Just 48 hours after launch, it’s too soon to know the answer to that. Many of Britain’s biggest retailers are prepared to accept the euro, but despite all the media attention, few expect much demand from shoppers in this country to pay in the single currency. It may be wowing them in Europe, but here in London’s Oxford Street, it’s running a poor third to the pound and credit cards.

Peter Sissons said that “Tony Blair doesn’t disguise his enthusiasm for adopting the euro”. He asked Laura Trevelyan at Westminster if it was now policy to encourage this dreadful thing called ‘euro creep’ – desensitising people to the new currency by familiarity.

LAURA TREVELYAN: Well, I think that’s right Peter, I think the government is relying on euro creep to do a lot of its work for it, because if you look at opinion polls which in Downing Street they do obsessively, opinion polls suggest that although a majority of people in this country are opposed to joining a single currency, that majority goes down ever so slightly month by month. And there’s another interesting statistic too: it shows that even though a majority of people in this country say they don’t want to go into the single currency, a majority also believe – or so they tell opinion pollsters, that it’s inevitable that Britain will go into the single currency given time. So there is a feeling in government that perhaps as people become used to the physical reality – perhaps this summer as they go on their summer holidays, 47% of Britons have been to a European country in the past twelve months – that as it becomes a reality people will lose their scepticism about the single currency.

PS: And is that a clue to the timing of the referendum?

LT: Well, that is a hotly debated subject within government at the moment, and there are various schools of thought. What it comes down to is that there are five economic tests, which have been set by the Chancellor, Gordon Brown, which have to be met before Britain can join the euro. At the moment, the deadline for assessing those five tests is June 2003. But there is a school of thought in government which says, why not hold an early assessment of those tests, perhaps in the Autumn, which would then trigger a six month campaign leading to a referendum perhaps in the first quarter of next year. There’s another ‘cut and run’ school of thought, if you like, in government, which says, if it’s all going well, if the single currency rises on the currency markets, lets hold a referendum as early as this autumn. But ultimately the decision hasn’t been taken yet, and the government won’t even risk it unless it knows it can win that referendum, which at the moment they can’t.

At 10.20, Peter Sissons returned to the topic of the euro, introducing a series of reports, first from John Sopel:

In the remote and tucked-away corner of north eastern France, close to the border with Belgium, lies the village of Maroilles. Its picturesque charm makes it a potential tourist destination: ideal to benefit from the advantages the euro might bring. You'd expect the big cities like Paris or Marseille to be fully geared up for the euro. But what about the small towns and villages dotted across France, like this one Maroilles? It's too small to have any bank, all it has is the post office. The cash machine was nevertheless efficiently churning out the euros. The hole in the wall becoming the new focal point. In the café, I met Mari Claude Boulenger; she's a teacher who's given over lessons to preparing her pupils for the changeover. But far from being a euroenthusiast, she mourns the passing of the franc.

MARI CLAUDE BOULENGER: It's been the currency of my childhood. And I think it's something a bit sad for me, because I think I'm losing a bit of my French identity. In fact I should gain another identity in being part of Europe – but for now I haven't felt that.

JS: Maroilles cheese is what the village is famous for. In the local produce shop, there's no such reservation. The euro is being welcomed with open arms.

CHEESE SHOP WORKER: The people in Maroilles are ready to use the euro and have to forget, today, the franc. You know there are not too many difficulties.

JS: But forgetting about the franc is easier said than done for those above a certain age. The euro is accepted but not yet fully embraced. John Sopel, BBC News, northern France.

GAVIN HEWITT: Greece has given up Europe's oldest currency, but so far its replacement is hard to find and even harder to use. This was the national bank in Pangrati this morning. They had to wait so long to change their drachmas, they ended up sitting in rows. Pensioners like Militianis needed each note explained to him. And the counting machines didn't take to the euros. Then Constantinos arrived, with a million drachma of his savings, he emerged from the bank two and a half hours later.

CONSTANTINOS: (translation) It's not the cashiers' fault, it's the customers' – they don't understand the conversion.

GH: At the café in Colonike Square, this Frenchman paid in euros, but the waitress gave him his change in drachma.

FRENCHMAN: I go back to Paris tonight and I wanted euros.

GH: What was supposed to happen was that from the New Year, the Greeks would receive all their change in euros, today it rarely happened. There's a good reason why restaurants like this aren't already dealing in euros. The banks weren't willing to give them more than the equivalent of £100 in the new currency. Simply not enough for businesses like this. (*in taxi*) And then a taxi ride, but very few meters have been converted to the new currency. When I produced euros, I received an apology.

TAXI DRIVER: I give you drachmas eh? I not give euro.

GH: There were euros at the bakery, but they weren't being used.

BAKERY ASSISTANT: I'm afraid to use it, because I'm going to get confused.

GH: We found them unopened, under the counter. Gavin Hewitt, BBC News, Athens.

JENNY SCOTT: It all started so well this morning. It was business as usual at this bakery in Söll in Austria.

BAKERY ASSISTANT: We have (*words unclear*) but it's okay. I think two, three, four days it's normally and all people have euros. I hope so!

JS: Out on the slopes, they were equally optimistic about the new currency. That's Germany just five miles away, and over to the left is Italy – so it's no wonder a single currency is so popular here.

SKIER: I had very good experience with the euro today. In every snow bar I got my money back in euros.

SKIER TWO: It makes everything very easy, you don't have to calculate how expensive things are, you can just go and spend money all the same.

JS: But back in the town, things were taking a turn for the worst. For a while euros weren't quite so readily available. This cash point is working now, but it was out of action for about an hour this afternoon, along with most of the other ATMs in Austria. Not many hotels and restaurants accept credit cards here, so the lack of cash caused a bit of a problem.

ALEX EDINGER (bank manager) To solve this, the only way is to calm down everybody, and the people have to drink something maybe, and in a bar or anywhere else and calm down and try it a little bit later. This is the only way.

JS: Most businesses were unaffected though, takings at the bakery were the same as usual. It wasn't an ideal start to the euro in Austria, but it could've been worse. Jenny Scott, BBC News, Söll.

Commentary: This was an important sequence, covering the political, economic and practical effects and implications of the introduction of notes and coins. A striking aspect was that it was all conveyed through the interpretation of BBC correspondents. Evan Davies brought to the fore the actual cost of joining for Holland and extrapolated the figure across to the UK at £11bn. He presented the figure as accurate, even though other estimates vary considerably between much less and up to £36bn. There is no way of knowing the actual cost and therefore Mr Davies was misleading. He also seemed to dismiss the idea that prices might rise as a result of the introduction of the notes and coins. This was shown to be debatable later in the month by the EU's own inflation figures. Again, guesswork was passed off by Mr Davies as likely to be accurate. Laura Trevelyan said that opinion polls were showing a 'month by month' downward trend in those against the euro and those who said joining was inevitable. This was over-generalisation, as opinion polls by different organisations have produced varied results depending on the way the questions related to joining have been framed. The report from John Sopel pointed to some reluctance among Austrians to accept the euro. His own comments came across as suggesting that those who were opposing the euro were old. This, too, was worrying over-generalisation. Gavin Hewitt pointed to problems in Greece in coming to terms with the new currency, increasing the impression that reports elsewhere in the output had under-emphasised the real difficulties people were facing. Overall, the vox pops in this sequence underlined the great dangers of drawing conclusions from them – even though they were presented as being representative of what was going on.

Today January 3

The programme dwelt very little on the euro, despite newspaper reports that there were rifts in the Cabinet about the euro which had emerged partly as a result of the Peter Hain interview on Today on 1/1. This seems hard to explain given the prominence of these reports on (for example) page 1 of the Daily Telegraph and page 3 of the europhile Express. The newspaper review did not mention the reports of the splits, instead focusing on a claim by Peter Mandelson that the prime minister believed he could win a referendum on the euro before 2005.

Instead, the programme chose to interview John Major, asking him to explain his stance to the euro now and focusing heavily on how his views differed from the current front bench team.

6.12 Newspaper review

Sue Macgregor: As you might expect, after the first full working day of the euro, lots of the papers look at Britain's enduring hostility to the single currency – well *apparently* enduring hostility – the Financial Times has an article though by the Hartlepool MP Peter Mandelson, who predicts that Tony Blair will ignore hostile opinion polls and seize the chance of holding a referendum. Mr Mandelson tells the FT he believes public opinion will become more favourable to the single currency once they realise the queen's head will remain on any British version of the coins.

EDWARD STOURTON: The MP for Henley, Boris Johnson writing for the Daily Telegraph hopes Tony Blair heeds Mr Mandelson's advice and gives the people the chance to vote 'no' In the meantime, he's offering his readers a bet: promising to wager any one of them ten pounds that Britain will not join the euro in the next ten years.

SM: Back to the Financial Times again, it says that many of those in favour of the new currency may well have been heartened by reports that several British retailers are willing to accept it, but the FT goes on to explain that it was something of an illusion – and the only people actually trying to spend euros in the stores were journalists.

8.10am Interview with John Major

The interview was elevated to “front page status”, though angled only on that it was Mr Major who had negotiated the opt-out for the UK from the euro at Maastricht. It is carried in full:

SUE MACGREGOR: The euro has entered its third day of common use, and overall the people dealing with it seemed to have coped fairly well. Although cash machines in Austria broke down for a while, working out the right change in shops took a while too, and Jim Naughtie found a dispenser in Paris which was determined only to dish out francs. Here the euro-critics, including the Tory Party Chairman, David Davis, had some stern words for the government for presenting a British participation eventually as inevitable. Lord Owen added his voice, saying that with a booming Britain, why risk it? All the polls suggest that the British public don't yet want to risk it, though the Mirror this morning claims, 'it works, it's fun, it's sexy' and that, 'Tony Blair should stop dithering and get on with it'. Well, the Prime Minister that negotiated the British opt-out from the euro was of course John Major in 1992. What's his view now? He's on the line, good morning.

JOHN MAJOR: Good morning.

SM: I've been looking at your autobiography again, and you say that ten years ago, you could, although you turned it down of course, see advantages in joining the euro. Ten years on, can you see any?

JM: Well, of course there are advantages, but I think it depends upon the way the euro performs in the near future. It has always been my position that it may be in our interests to join. But there are clear dangers, and there are both constitutional and economic prices to pay if we do so, in terms of the sovereignty of parliament. It's certainly both a political and an economic question. But I think we're now entering the period upon which we can make a clear judgement as to whether the balance of advantage lies in joining or not.

SM: Well, you described yourself as a pragmatist then, and I assume you still would now. Has the balance tipped a bit towards joining do you think?

JM: I think it has tipped a bit towards joining, but I don't think it has tipped sufficiently far. In my judgement it's still too early to go in, were there to be an early referendum, I for one would certainly vote against entry. But it may be that it will be in our interest to join in due course. But I think we really need to see how the euro performs through a complete economic cycle, and also see, crucially, the extent to which it promotes integration of other policies across Europe – and whether the British are prepared to accept that degree of integration. Now that is still unclear.

SM: On the other hand, is there an extent to which we will be sucked into it inevitably, because people will see that it works, they might not like the idea of the new coins, but if British ones were promised to have the queen's head on, for instance, people would say, 'well, so be it, this is the new century'

JM: Well, in every aspect of European policy, ever since we first joined the European Community as it then was, there's been no doubt that we are effected dramatically by what happens on the continent of Europe. And that is going to continue to be the case, whether or not we join the euro. The question really is whether there are positive advantages, both politically and economically, in being part of the eurozone. And in my judgement, that case is make-able, but it hasn't yet been made to the extent that I think it would be sufficiently safe to make such a judgement and enter the euro.

SM: Peter Hain the Europe Minister said he thought it would be hard to run the pound and the euro as parallel currencies – does he have a point?

JM: Well, I do think it will be possible to run the pound and the euro as parallel currencies – after all, people have run the pound and the dollar, and the pound and the Deutschmark, and the pound and the French franc as parallel currencies for a very long time. They haven't been parallel in the sense that they've both been circulating in the shops in this country, that is certainly true, but I think the principal of having more than one currency is undoubtedly one that people can cope with. The problem with the government is that it is giving us rather uncertain messages at the moment. The Prime Minister is in favour one day, and the Chancellor is cautious, Mr Straw's cautious and Mr Cook's in favour. And it usually left to Mr Hain to make a consistent case. And of course, Mr Hain doesn't have the seniority to carry that case with the public.

SM: You admit that you kept your options open on the single currency for the party, if not the country, while you were Prime Minister.

JM: Well, for both. I think that's only partly true. My predominant concern was to keep my options open for the country. It always seemed unwise to definitively say, 'we are not going to be part of this' in the negotiations in 1992. No one knew what its effect would be; no one knew whether it would be beneficial across Europe. And for us to exclude ourselves from the possibility of joining something that might be in our interests, and to have definitively

excluded ourselves from political influence over the way it developed in the intervening period between the Maastricht Treaty and the launch of the euro, would I think have been very politically foolish. So I think it was right for the country, and also right for the party, as you say, to keep the options open.

SM: But that 'open option', option hasn't been kept by the present leader of your party.

JM: Iain must speak for himself about that, I think there are many Conservatives who do regard it as an issue in principle, and are opposed to it in principle. Many of them have held position for a long time. I'm not one of those. I wouldn't enter yet, and I wouldn't enter until I'm convinced it's in our best interests. But neither do I rule it out forever, simply because it may prove to be in our interests, and if we do rule it out forever, we could be left behind public opinion, city opinion, commercial opinion, industrial opinion, and that I think would be a very difficult political position to sustain.

SM: Isn't that what Iain Duncan Smith has done?

JM: Well, I don't know, you'd better ask Iain about that. That's a matter for the front bench. I set out my policy in 1992, before most of the current front bench were in parliament, and I haven't changed it.

SM: Well, I don't know if he's used the word 'never' – but he's gone beyond what William Hague did, which was rule it out for the lifetime of a parliament. He has said, 'no, we won't limit ourselves to that – we don't like it.'

JM: Well I've just indicated my view; my view remains what it was in 1992 and has consistently been since. That I don't believe it's right to go into it now, I entirely agree with the Conservative front bench about that, but I would not myself rule it out definitively for good.

SM: Because it proved, that very firm ruling on the euro on the part of the current leadership proved to be an election loser didn't it? Or people weren't, perhaps you could argue, very interested in the euro, but it certainly wasn't the election winner that the current Tory leadership hoped it might be?

JM: Well I don't think any election is either won or lost on a single issue. It's upon a whole range of issues. So I don't think one could make the judgement that that lost the election. Certainly, it didn't make the political gains, I think that some hoped that it might do. But of course, the argument that the Conservative Party has traditionally put about the constitutional impact of the euro is a very real one, and it ought not to be brushed aside.

SM: Just look ahead and guess if you would – we've looked back ten years, we're talking about now – look ahead to the year 2012. Will we be in?

JM: I think it is quite possible that we will be in by 2012, but by no means certain. No one should yet assume because it has had a successful launch, that as the euro works its way through an economic cycle it will prove to be in our best interests to join. But it well could. And personally I think it is very unlikely that the Prime Minister will risk a referendum in the next year or two, if he does not, then I think the referendum is not going to take place in this parliament, and whomsoever is in government after the next election must then make a judgement. Even if there were a referendum at the beginning of the next parliament, let's say in 2006, it's going to be 2009 before we're actually full entries of the eurozone. So that is really the very earliest date – many people see an earlier date – I don't think that's realistic. So by 2012, it's conceivable it may still be an open question, but perhaps if things move with a referendum at the beginning of the next parliament, if the euro proves itself to be a success, if we judge we can accept the integration, then we might conceivably be members by around 2009/2010. But I think earlier membership is unlikely, and it could well be later.

Commentary: John Major's views on the euro were clearly important, and he was pushed interestingly to explain whether he thought the balance had tipped in favour of joining. His view was that it would take some time to judge. Sue Macgregor then asked whether he agreed with Peter Hain's contention that it would be impossible to run the two currencies together. He disagreed. The thrust was then switched to whether the current leader of the party should keep his options open on the euro rather than saying 'never'. Mr Major said that was a matter for Iain Duncan Smith, but his own view was different. Sue Macgregor pushed a second time... and Mr Major again said it was a matter for Mr Duncan Smith and the front bench. Sue Macgregor responded that Mr Duncan Smith had gone beyond William Hague's policy, which had been to rule it out for the lifetime of a Parliament. John Major said that his view had been consistent since 1992 and he hadn't changed it, adding "I entirely agree with the Conservative front bench (that it wouldn't be right to go in now), but I would not definitively for myself rule it out for good. Sue Macgregor continued to pursue the point saying that "the very firm ruling on the euro on the part of the current ruler proved to be an election loser... or not the election winner that the Tory leadership hoped it might be". John Major replied that elections weren't won or lost on a single issue, although "it (the euro policy) did not make the political gains that some had hoped it might do". Sue Macgregor changed tack, asking Mr Major to predict whether the UK would be in by 2012. He said it might be later.

Overall, this interview led to a clarification of Mr Major's position. However, the set-up did not make clear Mr Major's current standing in the party, an important consideration in how influential or relevant his current thinking was. Sue MacGregor's central intention seemed to be to push Mr Major in saying that he disagreed with the Front Bench team over what should happen next. This was a similar interview in that respect to the one the previous day with Frank Field in showing that opinions over the future direction of euro policy within parties varied. The difference with Mr Major was that that Mr Major was in a one-to-one interview (cf. the previous day when Ken Jackson gave balancing opinions to those of Mr Field) and there was therefore no context to establish the importance to the party as a whole of Mr Major's views. This was an important exposition of the views of the euro now of the man who had been at the heart of the decision to stay out a decade before. But not for the first time, a Today interviewer tried to establish that those views were somehow totally at odds to the current party policy – and that the views of the party on Europe had in any case lost it the last election.

PM

This did not contain any mentions of the euro in news or feature items. There were two letters from listeners, the first saying that the successful launch of notes did not guarantee that the euro would be successful or right for the UK, the second accusing PM of being euro-sceptic for highlighting banking problems in Austria and going to a French family who were nostalgic about the franc.

BBC 10 O'Clock News

Michael Buerk opened by saying that Tony Blair had warned that Britain could not bury its head in the sand over the euro and pretend it did not exist. He had also insisted that a decision to join the euro would be made by the British people. Mr Buerk added that shoppers in one corner of the UK were already handling the euro – those in Newry.

Dennis Murray, explaining that Newry people had long handled both the punt and the pound were now "more than happy to take the euro now that it replaces the punt". He added that local traders made the point that it was easier for them to handle the new currency than their counterparts in Britain. Jack Murphy, of the town centre management committee, explained that it was "a doddle" to handle the euro, adding we have got an advantage now as the euro is now right completely throughout Europe", whereas the punt had just been as far as the Irish border. Denis Cull of the Key shopping centre, said there was a feeling that the new currency "would spread far from the border areas" and deeper into the north. Denis Murray concluded that some in Ulster were adamant that they would only handle the pound, adding "but the euro's already got a foothold north of the border. There may be scepticism and even hostility towards the euro elsewhere in the United Kingdom, but here it is a fact of life. Some of the stores have even produced their own conversion guides. So whatever the politics of the situation, business is business".

Commentary: This was the same ground covered by a report on Channel 4 on January 1. It reflected that interest in the euro as a news item was sharply waning as there appeared little new to report. The observations from Newry showed that the euro was indeed already in circulation in part of the UK, suggesting that it was something that was "gaining a foothold". This was again language which suggested that the euro was spreading, even if it was not what people wanted – adding to the impression of inevitability.

Newsnight

This was the first edition of Newsnight since the start of the new year. It contained a resume feature about the introduction of the euro.

Paul Mason also went to Maastricht (cf Evan Davies for the Ten O'Clock News) and filed a report covering the period from New Year's Eve until 1/3.

Kirsty Wark mentioned in her intro that forged bank notes had been found, then said that "caught up in the fun was the former cabinet minister Peter Mandelson. He said he was sure that if the euro continued on a smooth path, Tony Blair would seize the chance to go for a referendum early". She then asked: "But will a world currency wipe out our cultural differences?", before saying that Paul Mason had been in Maastricht for the past 48 hours to find out.

He started at the local SNS bank, and said that the local euro co-ordinator was "quietly confident" about the switchover", including actuality to that effect. He said the bank was putting three times the normal amount of cash into its machines, and then further words from the co-ordinator hoping that the euro would become "the second currency in the world".

Mason said at the town's winter fare, "people were not hanging about. Hours before the official launch, they were using euro coins to pay. And this Belgian bank worker was giving sneak previews of the notes, and he's another one with big ambitions for the new money".

KAREL VAN-MOL PETERS: I think that when we pay the oil that we now pay in dollars, if we can pay that in euros, I think it's the most important thing for all of us. And I think if that moment arrives, then I think the European Union will be something really big in the world.

PM: Maastricht was working up to a euro-frenzy: this euro coin collectors game was doing a roaring trade, with the euro-rejectionist countries, Britain, Denmark and Sweden clearly marked in red. I thought I'd try them with a few arguments from the British eurosceptic camp. Are you not worried that we may get a political union with the rest of Europe?

IMKE BURGHOUTS: No.

PM: And losing some control over Holland's economy, does that worry you?

IB: No, it's a good question, but no, I'm not worried about it.

PM: And what would you say to the people (*points to UK on map*) of this little red country here about going into the euro?

IB: Well, I heard today, I read in the newspaper that you're really over-thinking it. So join the euro!

PM: As the midnight hour approached, a giant inflatable euro tree blossomed into life. For once, the Ode to Joy seemed exactly the right tune. (*Celebrations and fireworks*). Time to get my hands on some euros. But as the scrums developed around the cash machines, it was like walking through a Dutch painting – part Bruegel, part Hieronymus Bosch. The first machine we found was refusing all foreign cards. As we dodged the amateur fireworks, we found the second till was closed. But we got an earful of some alternative, more disturbing views of what the euro currency really means.

SKINHEAD: Ein Reich, ein euro! European Supremacy! Better than the United States of America, better than Asia, better than Russia! Europe has to be number one!

PM: Finally, we found a friendlier crowd, and a cash machine that was working. How do you feel now they're here?

VOX POP MALE: It's a strange feeling really, it's a really strange feeling. We're used to our guilder, very much so. Well, it's time to say goodbye and say hello to the new currency I guess.

PM: It doesn't worry you that since the euro was launched, it declined in value by 25%

VOX POP MALE: Yes it does worry me, but Duisenberg did say that he expects the euro to become more equal to the dollar, and I hope it will be that way.

PM: Some people think that for that to happen, Europe has to become far more integrated politically. Does that worry you?

VOX POP MALE: It doesn't worry me that Europe has to become more integrated politically, it doesn't worry me at all. But it really should.

PM: The euro is here, after a lot of fireworks, and a lot of banging and a lot of drunk people, welcome to the euro.

(fireworks)

PM: As E-Day dawned, not much was happening. The shops were closed, the people were hungover, and the euro-tree was looking decidedly deflated. But by January 2nd, the changeover had gathered momentum. More than 10% of the population drew money out of the cash machines in the first few hours. And now the shops were getting down to the business of taking it off them. Suddenly, everything's priced in euros. By tonight, 65% of all Dutch transactions are taking place with the new money. The fate of a huge chunk of the world economy now rests on whether the euro experiment succeeds. The eurozone counts for about a fifth of world exports. That's a bigger share than either the dollar or the yen. But most these shoes are made in the far east, and it's worth remembering that when the company goes there to buy them, if they're paying in euros, their purchasing power has fallen by about 25% in the two years since the euro currencies were first locked together. The euro's weakness against the dollar has been a source of puzzlement to the European Central Bank. Since it was launched in 1999, it's fallen by 25% - though there's been a slight recovery since E-Day. There are many reasons by the euro could be weak: there isn't really a single market, cross border trade is still hampered by tax laws and other regulations. Poor labour mobility is another factor cited in the weakness of the eurozone economy. Some say the high number of businesses that issue shares will always make the USA a better bet for investors than Euroland. And others point to the lacklustre performance of the European Central Bank in response to the threat of recession. Sphinx, the ceramics firm is one of Maastricht's biggest employers. When I went there yesterday, its ovens were cold and its shop floor deserted, because a recent downturn in demand has left it with high stocks. They're having a longer Christmas break. As the single market stepped up competition, Sphinx merged with the Finnish group Sanitech, to form one of just three big European ceramics multinationals. Like most eurozone managers, its boss welcomed the euro.

ROB VAN BRUG (Managing Director): The main benefits for us was that we could lock the currency risk, we were buying in all kinds of currencies in Europe, we were trading a lot in the French franc, the Belgian franc, the Italian lira, and before 1999 there were currency fluctuations, and that risk we don't have anymore.

PM: So where does all this leave Britain's euro debate? For the government, it's still about economic tests and timing. But for the eurosceptics, it's always really been about politics, Britain's place in the world and what kind of society we want to live in. Now what I've seen here is euphoria – quite a shock if you're only used to the opposite, but just as much about political self-image. Once British people get the euro in their hands, opposition to it might weaken, but for the euro to become as powerful as the dollar, and the eurozone an economic superpower, many would say it has to have a real single market, common taxes and economic policy, and some form of political integration. And the British government struggles with that – it can't decide whether to start its euro-campaign carrying a euro-flag or a clipboard.

Commentary: Newsnight could have gone anywhere in Europe to illustrate the arrival of the euro, and certainly to several capitals. It chose instead to go to Maastricht where the reaction in the cradle of the currency – and the most europhile countries – was always going to be warm. The report filed by Paul Mason reflected that. His choice of vox pops were warmly favourable, and the focus on the celebrations compounded the sense of a feeling of enthusiasm, as did his own language. The factory he chose, along its managing director, was also unlikely to have been anything other than in favour of the euro. Mr Mason pointed out that the euro had fallen by 25% in value since its real introduction and said the central Bank was puzzled by this. He claimed that the reasons for this were that the Europe was not yet integrated to the point where it had an effective single market. He made no mention of the role of interest rates, and Mr Mason went on to argue that 'many would say' for the euro to be a success, a single market, common taxes and economic policy and some form of political integration would be required.

January 4

TODAY

Bulletins

The opening bulletin at 6am said: "The treasury official in charge of recommending whether Britain should join the euro has said the decision will ultimately be political one. Gus O'Donnell told a recruitment seminar that the economic case for joining the single currency could never be clear and ambiguous. The Treasury said Mr O'Donnell's comments had been taken out of context".

This version was at 7am:

The Treasury official in charge of assessing the economic case for whether Britain should join the euro is reported to have said that the decision will be a political one. Gus O'Donnell apparently said the economic case could never be clear and unambiguous. From Westminster, here's our political correspondent Sarah Nelson.

SARAH NELSON: Mr O'Donnell's remarks were made during a question and answer session for highflying students hoping to join the civil service. A student at the presentation told the BBC that Mr O'Donnell was asked whether, as the official who'll assess the five economic tests, which are a precondition to British entry, he was confident he could give a clear and unambiguous account. Mr O'Donnell replied that economics are never clear and unambiguous, and that ultimately it would be a political decision. The comments appear to undermine Ministers' claim that politics will be kept out of any decision to recommend Britain joining the single currency. The anti-euro group, Business for Sterling said the remarks effectively blew apart government policy on the single currency. But the Treasury has said that Mr O'Donnell's words have been taken out of context.

And at 8am:

The Treasury has denied reports that the official in charge of assessing the economic case for whether Britain should join the euro has said the decision will be a political one. A number of newspapers say Gus O'Donnell told a group of graduates that the verdict on the five economic tests on British membership could never be clear and unambiguous. From Westminster, here's our political correspondent Sean Lay.

SEAN LAY: The remarks attributed to Gus O'Donnell were leaked to this morning's newspapers by Business for Sterling, which opposes Britain joining the euro. It says it was given the information by a student who attended a government careers seminar in November. Ministers have been anxious to reassure business that the five tests for deciding whether Britain is able to join the single currency are purely economic ones. The final judgement on whether Britain should join rests not with officials but with politicians – the Chancellor and the Prime Minister. The Treasury has denied that Mr O'Donnell, a former press secretary to John Major, made the remarks. The government says policy on the single currency remains unchanged, and the assessment will be determined on economic criteria, not political ones.

Commentary: The emphasis on reporting shifted from the allegations to the denial – by 8am, it sounded that this was a smear story floated by Business for Sterling. This was despite having the student making the allegations on tape.

7.08 Interview with Dominic Cummings, Business for Sterling

Sarah Montague said that the government had always promised that it would only consider joining the euro if the five economic tests of the chancellor had been met. She asserted: "They used the claim as reassurance that joining would be economically prudent". She then asked what happened "when the man at the Treasury responsible for the tests, Gus O'Donnell is reported as saying that the economics could ever be clear and unambiguous and that ultimately it would be a political decision". She pointed out that the remarks had been supposedly made to students. Ms Montague said that one of them had spoken to Sarah Nelson. An actor's voice was used for the students with a statement which was a paraphrasing of what M Montague had said in the link.

She added that the remarks had been "seized upon" by Business for Sterling, asking Dominic Cummings when he had first heard of the reported remarks.

He replied that it had been early December. Ms Montague asked why he was making it public now. He replied that he had tried to "but various journalists couldn't see the point".

SM: Because they presumably thought, in one sense, he's just stating the obvious.

DC: Well, I think most journalists, like lots of people in the country and lots of business people have never taken the government policy very seriously, and therefore somebody saying the government policy is deeply flawed, they didn't regard particularly as news. But finally we found somebody who did and you can see the results.

SM: But in one sense, his point could be that – as far as economics is concerned - get ten economists in a room, they're never going to agree. Isn't that the point he could be making when he says that economics is never clear and unambiguous?

DC: I don't think so, because I think he made another point, which so far you haven't alluded to. He also had an in depth analysis of the institutions which run the eurozone, and he compared them extremely unfavourably with the Bank of England and the British government. And essentially what he was saying was, the system we have now, with an independent Bank of England, and the Treasury operating as it does, it coordinates very effectively, and runs the pound far better than the institutions that lie behind the euro actually run the euro. And he was saying that that's going to be a very important aspect, when they consider test two – the flexibility test – and he made it very clear to all the students that in his view test two had failed. So I think there are two elements to it. One is that he's clearly th at test two has failed. The second element though is that the government's promised all the way along that they won't make this decision on political grounds, they won't gamble with British jobs, British prosperity, and that they will only do it if the political case is clear and unambiguous. The guy in charge of that has absolutely blown that apart now. He's saying we will not be able to make that kind of decision, it's going to be a political decision, and that leaves the government without a euro policy.

SM: So why do you think . . . these comments were all made in a presentation to students at Whitehall. You think he's saying one thing to students and not prepared to say that publicly?

DC: Of course, he's not prepared to say the publicly, because he's not really supposed to. But I think what it does do is it reflects how the Treasury and how many serious economists see this issue. (*word unclear, name of economists?*) are also saying the same thing privately, they do not think the euro's a good idea, they don't think that the Labour government should gamble with it, they're saying it more and more privately, and they know that these sort of things leak out, and want people to understand that the Treasury is not going to say 'yes' to the tests, because the economics aren't right for Britain.

Commentary: This was a brief exploration of the apparent problems within the Labour party towards the euro. Dominic Cummings had reasonable space to put across his arguments, and important euro-sceptic perspective. Yet Today chose not to follow the item up in any way, even though its was a breaking story. There was no apparent effort to put the allegations to a government spokesman and – despite widespread coverage in newspapers – no further mention of the topic until January 7.

8.41am Money News

Rebecca Marsden said that the biggest business story that week had been the launch of the euro “which has concentrated minds on what you can and can't buy with the money in this country” . She said that by using a euro denominated mortgage, “homebuyers have been able to take advantage of lower European interest rates”, by going on to discuss a new mortgage product that took advantage of lower US interest rates.

Commentary: This was a generalisation that was not strictly true, the sort of sweeping statement that should be guarded against.

PM

The bulletins ran, as second item, the Gus O'Donnell story:

The government has insisted that any decision on whether Britain should join the euro will be based on economics, despite reports that a Treasury official Gus O'Donnell has said such a decision would be political. The Treasury said Mr O'Donnell had no recollection of making the reported remarks.

5.12pm

Headlines:

EDDIE MAIR: The former Maastricht rebel, Bill Cash tells PM self-government and membership of the euro are not compatible.

5.21pm

Headlines:

EDDIE MAIR: The Tories say the government's policy on euro entry has been shot to pieces.

5.30pm

NEIL SLEET: The Conservatives have seized on reports that a Treasury official told a private seminar that a decision on whether Britain joined the euro would be political rather than economic. The Shadow Attorney General, Bill Cash, told PM that the government's five economic tests were subjective.

Commentary: This treatment relegated the story about the Gus O'Donnell to a low level of importance and seemingly accepted the government's version of the story. The description of Bill Cash as "the former Maastricht rebel" – when he was now the shadow attorney general – tagged his straightforward views on the euro as being in some way extremist.

5.08 Interview with Bill Cash

PM chose to explore the Gus O'Donnell story by first asking his predecessor at the Treasury, Alan Budd, whether he agreed that the deciding factors about the euro would ultimately be political, then by including an extract from an interview of Jack Straw (from the World at One), who stuck to the government line that the economic assessment by the Cabinet would be the basis on which a referendum was decided upon, and finally, by speaking to William Cash, the shadow attorney general, about his attitude to the government's policies.

Clare English opened by saying that the prime minister and the treasury were adamant that there had been no change in government policy towards the euro. She said that press reports that day told a very different story; that Gus O'Donnell had told a group of students that the government's five economic tests could never be clear and unambiguous. Ms English said that the remarks had been seized upon by the Conservatives – who claimed that the government policy had been "shot to pieces" – and had also been backed by Sir Alan Budd. She added:

In his view, the government could not plausibly claim that any decision to join the euro would be simply a matter of economics.

ALAN BUDD: Ultimately, it's political. I think it's political in two senses: it's political because it must be taken by their political masters, there would be no other constitutional possibility; it's also political, of course, because the question of whether we join the single currency in the end is not going to rest on economic arguments, but is going to rest on a debate about the nature of the European Union and our part within it.

Ms English then said the government had "rigidly stuck to its line"

JACK STRAW: There are two aspects to this. One, do we agree that in principal agree that we should join if the economic circumstances are right? That's a political decision, we've already made that, we put it to the British people at the election in the manifesto, they've endorsed that. The second is, are or will the economic circumstance be right, as measured by those five tests, clear and unambiguous tests? That depends on the economic assessment currently being prepared in the Treasury. Those decisions yes will be a matter for judgment by the Chancellor, the Prime Minister and the rest of the cabinet. They will be based on the economic assessment, we will then make that judgment, we will then make a recommendation, first of all to parliament and then to the British people, and they will decide.

Ms English observed that until then, the shadow attorney general's views on the Single Currency had not been aired. She said he was euro-sceptic Bill Cash, who was "in the vanguard of the movement against the Maastricht. He had now "broken his silence" to say that he thought the government's stance on the euro was unsustainable. The interview became less of an exploration of the government's position than of that of the Conservative party. It also shifted from being an examination of euro policy to one of a much wider

topic – European integration, amidst claims from Ms English that Mr Cash’s own party “have big problems with the euro”.

BILL CASH: The economic tests are not objective they are subjective, and from all that we understand, Gus O’Donnell understood that very well as well. The reality is that all decisions relating to the future of the European Union, given for example the fact that we’re going to have a European constitution – or that’s what they’re aiming at – in the next few years, is also part of the political dimension.

CE: You’re very critical of the government not being clear about its intentions with the single currency, but of course, the Tories, your own Party, have big problems with the euro. You’re currently calling for the government to hold a referendum, pressing them, saying ‘when are you going to have this?’

BC: Quite right.

CE: But your policy isn’t even to allow people to decide by referendum. How democratic is *that*?

BC: Our decision is absolutely crystal clear, and our policy is clear, and that is that we would say ‘no’ to the single currency, and if there is a referendum, as the government keeps telling us there will be, then the decision will be taken by the British people.

CE: Right, well you say you’ve never called for Britain to come out of the EU – but there must be a demarcation here. At one point do you draw a line in the sand and say, ‘enough is enough in terms of integration’? How nervous are you getting?

BC: I’ve made it quite clear that the process of European integration has gone far too far. The bottom line is that we are being taken further and further down a route which is taking away the right of the British people to be able to decide for themselves how they are to be governed.

CE: Hypothetical one: if there was a choice between Britain joining the single currency or pulling out of Europe altogether – which one would it be?

BC: The Conservative Party position is ‘no’ to the single currency, that is a decision which would have to be taken by the British people in a referendum. If they don’t have a referendum provided to them by the government, giving them the full implications in a White Paper, so that people have a right and the need to make a decision on an objective basis, based on the facts as presented in that White Paper, then of course, any such attempt to take them into the single currency would be a fraud on the British people.

CE: And your personal choice?

BC: My personal choice is ‘never’ to a single currency. I’ve made that abundantly clear: ‘no’ to the single currency, for the simple reason that it takes away the right of the British people to govern themselves.

CE: But then I come back to the point again, the Tories wouldn’t even bother to hold a referendum.

BC: We’ve made it abundantly clear that we will in fact oppose a referendum. The government is the government at the moment, they have actually said that they will have a referendum, when that referendum comes, and they keep on saying they’re going to have it but they won’t say when, then the decision will have to be taken on the basis of full and proper information. Then the British people can decide.

CE: So are you saying then that you *oppose* a referendum?

BC: I’m certainly not saying that I oppose a referendum. I’m in favour of a referendum . . .

CE: (*interrupting*) But not held by your party ever?

BC: That’s not the point.

CE: It might well be the point, Mr Cash.

BC: Nor have the Conservative Party ever said that it will not have a referendum. What we have said is we will participate in a referendum that the Labour Party have said they will promise the British people. We will say no to the single currency, but if the government decides that it wants to have a referendum – and that’s what they have decided – then we will say ‘no’ to that referendum, but it can only be held on the basis of the full constitutional and political implications as set out in a White Paper.

CE: But you’re still not sure if you’ll ever hold a referendum and the British people will be able to decide under a Conservative government?

BC: I think the answer to your questions has been made abundantly clear.

Commentary: Claire English pushed Mr Cash hard to define the Conservative party policy on both the euro and European integration, amid claims from her that the party had “big problems” on the euro. Mr Cash dismissed the point, and went on to elaborate that his party would not itself hold a referendum on joining, but would push for a no vote if the Labour party went ahead with one. Ms English thus obtained from Mr Cash a “clear” exposition of the Conservative policy of simultaneously being against a referendum and for holding one as soon as possible. This was legitimate pushing in a complex area where there did appear to be contradictions. However, in more general terms, the programme – in choosing to clarify as its main thrust that day of European coverage the Tory policy on Europe (which had not changed) – chose to ignore exploration of the more ‘live story that day of whether or not the government position on the euro was changing. That issue was covered extensively in the following morning’s newspapers – whereas Mr Cash’s position did not warrant a line. The programme chose editorially to highlight that the main area of controversy and listener interest was with the Tories’ potential problems. This was a strange decision, given the controversial nature of Mr O’Donnell’s views – and whether or not he had, in fact, made the remarks. The description of Mr Cash as a “former Maastricht rebel” underlined the impression that the programme was more concerned with Tory problems than the real issues of the day.

5.52pm Reader Letters

The first complained about the Pro-euro propaganda on PM and Radio 4 and the second that the programme had “revelled in the difficulties” over the introduction of the euro in Italy and Austria. A third letter asked whether the UK could afford to sit out of the euro, when 20% of the world’s GDP would be from eurozone countries, and the fourth complained that banks were charging too high an exchange rate for euros. The fifth letter, from the Netherlands, said that the new euro notes lost their holograms if they were washed.

January 5

Today

euro-related news had been relegated out of the bulletins, but was the focus of another interview with Michael Howard, which was introduced by Sarah Montague as a re-run of that on Tuesday and then turned into a major investigation of whether the Tories remained split over Europe .

She said: “The launch of the euro has been hailed as a great success. It’s increased pressure on the government to set out if and when they want to join. The Tories are making the most of it – the shadow chancellor Michael Howard maintains that the same interest rate for all euro countries cannot be right for everyone, so it is wrong for Britain to join”.

She first asked Mr Howard if he saw the launch of the euro as a great success. He said it had been introduced relatively smoothly and that he was pleased because he did not want to see the economies of Britain’s euro partners dislocated. He added that it wasn’t just he who thought that the one size fits all monetary policy could not be right for every country in the eurozone, pointing out that the governor of the bank of England had said the same thing, as well as an EU report which had named seven eurozone countries for which the interest rate was too low and three for whom it had been too high.

Sarah Montague asked whether he would agree with John Major that the balance had tipped a bit in favour of joining.

Michael Howard did not answer the question directly, saying that what had seen over the past few days had been the successful introduction of notes and coins – a factor nothing to do with the problems that would arise from the one size fits all policy.

Sarah Montague asked if “John Major had been wrong”. Michael Howard continued with the point he was making, that a single rate economy would “damage us more”. Ms Montague said: “We have got your point”, before repeating that Mr Major’s argument had been that the balance had tipped towards joining.

She added; “We take your point...but do you think that as a result of the politics of it, he is right. Because if you don’t, he’s wrong.” Mr Howard continued with his refusal to answer directly, saying that it was much more than notes and coins...”It’s about who controls our economy”. He added:

What I’m saying is that this is about much, much more than notes and coins. It’s about who controls our economy. Everyone agrees that one of the key levers that we have to exercise control over our economy is the ability to set our own interest rates. At present they’re set by the Bank of England on the basis of what’s best for Britain. If we join the eurozone, they’d be set by the European Central Bank, which would set the same interest rate for every Member State as it does now for those who have joined. Now that is the important point. The government has repeatedly said that it wouldn’t be right for Britain to join unless the economic advantages were clear and unambiguous. Now we know, from the mouth of the man who’s in charge of the assessment for the government that they won’t be clear and unambiguous. So if the government is to retain any credibility, it really should now abandon its attempt to bully us into the euro, and concentrate on our crisis in public services.

SM: In your view, can we have what you might call the best of both worlds: keep the pound, but use the euro in certain shops which take it, as a parallel currency?

MH: Yes, of course we can– many shops already take other currencies like the dollar, if you look at ...

SM: But the dollar isn’t really a parallel currency here.

MH: No, but many shops take it. If you want an example of what you describe as a parallel currency, look at Canada, where along the border with the United States, where most Canadians live, the Canadian dollar and the United States dollar have been used side by side for a long time. The Canadian economy is very closely linked to the United States economy– no one is suggesting that the Canadians should give up their currency, should give up the Canadian dollar. We must retain control of our economy and control of our interest rates which should be set in the best interests of Britain, is absolutely crucial if we are to retain control.

Commentary: This was a robust exchange that indicated that Michael Howard did not agree with John Major that the balance had tipped slightly in favour of joining after the introduction of notes and coins. Ms Montague, however, put the question in such a way that it appeared that the differences between Mr Howard and Mr Major seemed starker than they actually had been, because she omitted to say that John Major had qualified his remark by saying that it had tipped “but I don’t think it has tipped sufficiently far. In my judgement, it is still too early to go in”. There were clear differences between that position and Mr Howard’s and it was useful to explore them. The question is whether the contrasting position warranted such a heavy emphasis on those differences – in effect, it was the main fulcrum of the interview and one on which Ms Montague was attempting to draw blood. A near-constant theme in the treatment of interviews on both Today and other BBC outlets has been to explore whether the Conservative party remains split on Europe. On this day, speculation about splits in Labour were being much more prominently reported elsewhere in the media, and not just in the euro-sceptic press. The Today programme chose to ignore this and investigate instead Conservative splits with a disproportionate emphasis on the differences between Mr Howard and Mr Major. This was not a properly balanced editorial judgement.

PM

At the opening of the programme, Dan Damon said: “And later in the programme, what’s Europe’s verdict on the euro?” It was followed by a vox pop:

Tomorrow in Holland, we are going to use money we picked up in Belgium today. And then we’ll be back in France again, the day after, and yet again, it will be the same money. It’s magic and I mean it’s just got to be the way to go!

The bulletins added:

The latest figures show that the single currency is now being used in more than half of all cash transactions in the eurozone five days after it was introduced. The European commission also says that 99% of all cash dispensers have been converted

Dan Damon introduced the programme item at 5.25 with a repeat of the news bulletin, adding that the 12 currencies of the eurozone were “quickly and quietly disappearing. It’s been a remarkable week”.

Jonti Bloom added:

The euro's launch was a grand affair, as befits such a massive project, but it was difficult to judge at the time how much of the celebration was a joyous welcome for the euro and how much was just a New Year's party. But the next day as they bought their morning-after coffees with euros, the enthusiasm in this Brussels coffee bar seemed genuine enough.

VOX POP FEMALE: I think that it brings the countries in Euroland, it brings them closer together.

VOX POP FEMALE TWO: I think at the beginning there will be many problems, but of course I think it's a good thing.

VOX POP MALE: Tomorrow in Holland, we're going to use money we picked up in Belgium today. And then we'll be in France again, the day after and again it'll be the same money. It's magic, I mean it's just got to be the way to go.

JB: And for the owner of the coffee shop, it's just a matter of common sense.

COFFEE SHOP OWNER: It makes things much easier for people, and for us actually, we don't have to take into account currency exchanges and so on, so I think it's a good thing, we're very much looking forward to it.

JB: In general, the euro's introduction has gone remarkably smoothly. The cash point machines and the shop tills have worked. And even by the second day of its life, the euro was beginning to dominate, as people spent their remaining francs, Deutschemarks and lira, they were removed from the system, never to be seen again. Some companies did take the opportunity to put up prices, but on Thursday, Wim Duisenberg head of the European Central Bank told us that his own research showed that fears this would be a widespread problem were proving unfounded.

WIM DUISENBERG: The Big Mac I bought yesterday evening cost me, together with a strawberry milkshake, I must say, cost me 4 euros 45, and that was exactly the same amount that I bought it last week in Deutschemarks.

JB: Of course, no changeover this big and complicated is ever totally seamless. Italy lived up to its national stereotype by being less efficient than most. Long queues at Italian ticket offices meant the trains didn't run on time. And shoppers everywhere have been annoying shopkeepers by paying for small items with large denomination notes of their old currency, and taking their change in euros. It's quicker and easier than going to the bank. And of course, it's early days yet: the euro is still only five days old. And the euro continues to face fresh challenges. Today is the busiest shopping day of the week, all across Europe. The system seems to be coping, but the euro is about more than notes and coins, according to Jonathon Faull of the European Commission, there's still plenty of work left to do.

JONATHON FAULL: The wider task for the future is to make sure we have the right economic policy mix, not only among the twelve eurozone countries, but all fifteen Member States, to make the European economy a competitive and prosperous one, create jobs, and there's still a lot of work to be done.

JB: That means the single currency should encourage and speed up reform of the Eurozone's economic system. The relatively smooth distribution of euro notes and coins over the last five days has only been the start of that process.

Commentary: The piece pointed to some teething troubles for the euro, particularly in Italy, but in general it was set up and delivered as a eulogy to the new currency, with vox pops which were entirely favourable and commentary from supportive EU sources. The intent of the piece was to say that the *introduction* had gone well – which it had – but it moved into comment about whether or not the new currency was desirable, a different matter. It is hard to believe that there weren't voices within Europe who were not so enthusiastic – in the interests of balance, a piece like this should have contained at least some negative reaction. Ironically, Jonti Bloom underlined one of the problems of reporting the process when he said it was hard to tell whether the celebration had been a “a joyous welcome for the euro” and how much it was just a new year's eve party. It is a shame that other BBC coverage did not make the distinction clear, or at least flag the problems.

January 7

TODAY

The programme's opening headlines included: "...after all the euphoria, Italy is running into trouble with the euro and is losing its foreign minister".

7.21am Interview with Bob Lasagne, former Italian minister

Sue Macgregor said that Silvio Berlusconi had become Italian foreign minister after Renato Ruggiero had resigned from the post "after clashed with eurosceptic members of the government". She added that the resignation had highlighted the sharp differences between the government over European integration. She asked Mr Lasagne, a former minister and a friend of Mr Berlusconi how big a loss Mr Ruggiero was to the government. He said it was a substantial loss that indicated a split in the bureaucracy that had governed Italy for fifty years, adding that Mr Berlusconi was trying to modernise that bureaucracy. He asserted:

One the one hand, Ruggiero, as representative of the old, traditional banking ties, with Italian bureaucracy, which controls and has controlled Italy for fifty years. And on the other hand you have an elected government. So the clash really was inevitable.

SM: Well, but it was over, it came to a head over Europe didn't it? Which exercises the politicians, it would seem, in Italy rather more than the people— as in other countries.

BL: Well, it came to a head over Europe, because Europe is, at this moment, the most contentious, if you like, subject within the Italian administration. You've got two positions: you have a position of, if you like, the elected government, Berlusconi as representative is not as sanguine about this – but basically the elected government is saying, 'let's go easy on Europe' because Italy has never occupied a power position within Europe. The bureaucrats within Europe are basically German, Dutch, French, Spanish, English, they're not Italian. The Italians have never got round to establishing themselves.

SM: In doing this, Mr Berlusconi, he will be seen to be more in the pocket of Mr Bossi, the leader of the Lega Nord, the Northern League, which is very right wing on these matters.

BL: There I agree, I think the image as it comes out is not an ideal image, and that's one of the reasons why Berlusconi has decided to try and stay, he's declared he wants to stay as Foreign Minister for at least six months to try and give Italy a strong line on Europe, a strong decisive line on Europe, as the major Italian Foreign Ministry interest.

SM: But of course this could be seen from outside Italy, as Italy simply getting itself into an awful political mess all over again.

BL: The answer is yes. It could well be. And in many ways, the mistake was made in choosing Ruggiero in the first place—a non-elected technical choice which again has turned sour. Berlusconi made the same mistake with Dini in his first government. He had a snake within his own groupings then. And I think one of the reasons he's decided to act so quickly is the memory of his first government and Dini who in effect then succeeded him as Prime Minister for a technical government, so lots of shadows are hanging around Rome at this moment in time.

Commentary: This was a limited effort to establish the reasons behind the changes. Ms Macgregor introduced the possibility that Mr Berlusconi "will be seen more in the pocket of the very right wing" Lega Nord, but she did not push any further on why the Italian government felt do disenchanted about Europe and had not established themselves as much as other nationalities. The questioning was negative in tone, whether that politicians were more interested in Europe than people in general, and that the Italian government was getting into an awful mess – again.

8.47 Andrew Marr

JAMES NAUGHTIE: We're going to talk to our political editor Andrew Marr now about what the euro referendum is going to be all about. Is it going to be a clear economic question, or is it political. But just before we do that Andrew, on the railway question there . . . (*discussion of the failings of the transport system*) Let's move on, we'll be discussing that as the weeks go by, but on the euro question: now, three Ministers yesterday, saying in various outlets that the political dimension was just as important as the economic one when it comes to deciding on the referendum. Andrew Smith, though, the Treasury chief secretary saying it would be a hard headed and

economic assessment of Gordon Brown's famous five tests, and the politics, by implication, would happen in the referendum. Now surely it's the former not the latter?

ANDREW MARR: Well that's right. I mean, I think if we've learned one thing, Jim, in the first few days of the new political year, it's that this government is not going to get through to a euro referendum united. There is a clear division between those Ministers, people like Charles Clark, Robin Cook and the rest who are pushing very hard now to get some momentum for a referendum this year, and are admitting that it's a political matter; and those, above all in the Treasury who are trying to hold them back. That tussle is now absolutely open, and it's going to get worse not better.

Commentary: This was an important assessment of the government's struggles with its policy on the euro. It is hard see, however, given the importance of the topic, why it had merited so little discussion in the programme. The direction of Labour party policy on the euro referendum was also being widely discussed in newspapers. If, as Andrew Marr believed, new divisions were opening up in the party, it was surely worth analysis.