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SHOULD THE CZECH REPUBLIC ENTRY INTO THE EURO AREA?

Abstract:

The paper deals with the question whether the Czech Republic should adopt euro. The aim of the paper is to evaluate potential advantages and disadvantages of euro adoption. The implemented methodological framework combines the use of logical arguments with an analysis and comparison of statistical data. The analysis showed that entry into the eurozone would currently be disadvantageous for the Czech Republic and would bring a large number of risks. The loss of own monetary policy, which currently plays an important role in taming high inflation, was assessed as the main risk. In addition, the Czech Republic did not meet any of the Maastricht criteria in 2022; thus, the Czech Republic does not even meet the conditions necessary for adoption of euro.

Keywords:

European Union, eurozone, Czech Republic, inflation, economic growth

JEL Classification: F15, E52, F41