

## Essay Assignment

### The Path to the Eurozone

#### Background:

At present, the European Union counts 25 member countries. Out of those, 12 have already adopted the euro and are members of the EMU. Two countries (the United Kingdom and Denmark) have negotiated formal opt-out clauses and therefore are under no obligation to join the EMU. The remaining 11 countries are all potential entrants: this includes the ten new member countries, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia, as well as Sweden. Formally, all these countries should seek membership in the EMU as one of the obligations of their membership in the EU. In practice, however, there is a considerable degree of flexibility with respect to their paths towards adopting the euro.

#### Assignment:

Choose one of the 11 countries that are formally required to seek membership in the EMU (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia and Sweden).

For this country, report and discuss the following:

- (1) The official strategy of the country's government concerning euro adoption, including the target date (if any) for its Eurozone entry;
- (2) The country's progress towards fulfilling the formal (Maastricht) criteria for Eurozone memberships;
- (3) Does the country appear to be a good candidate for Eurozone membership from the point of view of the theory of optimum currency areas? Discuss the costs and benefits that this country will encounter if it enters the Eurozone, as well as the potential advantages or disadvantages of not entering.

### Formal Requirements:

- The choice of the country must be confirmed with me by email ([jan.fidrmuc@brunel.ac.uk](mailto:jan.fidrmuc@brunel.ac.uk)) by 8<sup>th</sup> February at the latest. No country may be chosen by more than 15 students. If more than 15 students choose the same country, the first 15 (according to the date and time of the email) will be allowed to proceed with the country of their choice, the others will have to choose another country (and again confirm their choice with me). Hence, the sooner you act, the more likely you are to get the country you want.
- If you fail to confirm your choice with me or will confirm it later than 8<sup>th</sup> February, your mark will be reduced by 10%.
- The essay must be typed, double spaced, using font size 12 pts.
- The word count must not exceed 1500 words; not counting the title page, figures, tables and the list of references. If your essay is found to be longer than 1500 words but less than 2000, your mark will be reduced by 0.01% for every word in excess of 1500. For every word over 2000, your mark will be reduced by 0.1%. Note that this implies that essays exceeding 3000 words will receive a mark of 0.
- The title page must contain at least the following information: your student number, the country you analyze in your essay, and the word count. If any of this is missing, your mark will be reduced by 10%.
- All sources must be cited and included in the list of references.
- Plagiarism will not be tolerated and will be dealt with very strictly.
- The essay is due by Wednesday 22<sup>nd</sup> February 2006 and is to be handed in paper copy to the undergraduate admin staff in SS104 and emailed to me ([jan.fidrmuc@brunel.ac.uk](mailto:jan.fidrmuc@brunel.ac.uk)) in Word or PDF format (please check with me if you wish to use some other format).