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The Experience of the Eurozone Periphery Countries – The Arguments for and Against Poland Joining the Eurozone

Abstract

RESEARCH OBJECTIVE: European Economic Community (EEC) was founded in 1958, and included a group of countries poised to significantly reduce or even eliminate the commercial barriers in the mutual commercial exchange. In 1993, the EEC morphed into the European Union (EU). The Economic and Monetary Union (EMU) set up by the Maastricht Treaty in December 1991, functioning within the framework of the EU, has proven to be the highest form of integration of the eurozone countries. The experience gained to date allows SWOT analysis of such integration. Hence, this article is poised to analise the experience of the eurozone periphery countries and weigh the arguments for and against Poland joining the eurozone.

THE RESEARCH PROBLEM AND METHODS: To reach the purpose set by the article, the authors applied a model resembling the SWOT/TOWS analysis as well as presented the case studies of the selected analised states.

THE PROCESS OF ARGUMENTATION: Following the presentation of the gist of economic and monetary integration, the authors analised, with the use of the presented method, the positives of the introduction of a common currency, also pointing out the long, medium and short-term costs of the introduction. The opportunities and threats of such integration may be assessed with the experience of the eurozone periphery countries.

RESEARCH RESULTS: It was noted that the weaknesses, i.e. the costs and threats largely determine the strengths and opportunities.

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CONCLUSIONS, INNOVATIONS, AND RECOMMENDATIONS: The crucial conclusions were formulated on the basis of the analysis of the experience of Greece, Spain, and Portugal. The issue of bringing euro as a common currency to Poland is still current and widely discussed by the politicians, lawyers including constitutionalists, economists.

Keywords:

The Economic and Monetary Union (EMU), periphery countries, government policy, legal regulation, eurozone

INTRODUCTION

The decision on forming the Economic and Monetary Union (EMU) by the EU member states was one of the crucial challenges for the European integration. Nonetheless, today it is the subject of many discussions and speculations on its stability. The economic crisis of 2008 started the period of debt and the loss of liquidity of eurozone member states, showing all their weaknesses to date. This was an indication of the fact that the survival of the European monetary union and the possibilities for deriving benefits from a common currency will be largely determined by its potential for the efficient economic and institutional reform. However there is a discrepancy between what is necessary and what is feasible. According to Dawson and Maricut-Akbik (2020), the implementation of the foregoing reforms may be difficult due to the scope of procedural and substantive responsibility in the management of EMU.

The reasons for the crisis are attributable to the insufficient fiscal discipline of the eurozone member states. The inability to ensure countercyclical fiscal policy was primarily due to the inefficiency of fiscal standards defined by the Treaty of Maastricht and the Pact on Stability and Growth that was assumed to complement its fiscal part. The Pact was an agreement of the EU member states which was concluded during the European Council summit in Amsterdam in 1997. Nonetheless, the unstable fiscal policy was not the primary reason for the eurozone crisis, and by many counts, rather the consequence thereof.

The causes for macroeconomic problems were attributable to the substantial structural divergences among the countries making up the monetary union. That issue was highlighted by Gräbner, Heimberger, Kapeller (2020) who asserted that as long as core and periphery countries remain mired in structural polarisation and follow different growth models, macroeconomic divergence in the Eurozone will continue. Against all expectations, financial markets integration and the common monetary policy that led to low, at times negative real interest rates in the periphery countries, contributed to boom and bust cycle and deterioration of the existing differences (Tchorek, 2013). Taking the foregoing into consideration, there are some legal and economic dilemmas to be considered before Poland joins the eurozone. The introduction of a common currency demands that some strictly defined legal and economic criteria be fulfilled (also called legal and economic convergence criteria), and has some inevitable consequences for the country and its citizens. The purpose of this article is to analyse the experience of some selected periphery countries as well as to gather the arguments for and against Poland accessing the eurozone.

The hypothesis that has been put forward maintains that the benefits for Poland accessing the eurozone outweigh the involved costs, nonetheless in the current condition of eurozone management, caution is required. The experience of the eurozone states shows the upside as well as the downside of such integration. The analysis of the experience gained by the periphery countries: Greece, Spain, and Portugal allow drawing some conclusions on the functioning of eurozone mechanisms and verify the extreme opinions about such integration. The substantive analysis considered the arguments for and against the accession of Poland to the eurozone as well as the prerequisites and consequences of such a decision.

THE ESSENCE OF THE ECONOMIC AND MONETARY INTEGRATION

Just like the government policy may increase, or lower, a political risk, faced by the managers operating on an international scale, the trade relations among particular states may facilitate, or hamper, foreign trade. Currently, there are strong global tendencies to curb all barriers in the international trade. Economic communities are the best representation thereof. It should be noted that the process of formation of economic and political communities is not affected merely by the economic aspects, but also by the social prerequisites (John Paul II, 1991). The formation of the eurozone was predominantly a political concept, which was deeply rooted in the history of Europe. Euro as a currency became the first significant step towards ultimate political integration (Nowak, 2000), first outlined in the stipulations of the Rome Treaty. The treaty became a stepping stone for the European Economic Community treaty (EEC), on the basis of which the EEC became operational. The treaty was established on 25 March 1957 in Rome, and it came into force on 1 January 1958. Since that date it was amended or renamed several times.

The most significant changes include the Treaty of Maastricht enforced in 1993 (amending the EEC treaty into the EU Treaty) and the Treaty of Lisbon enacted on 1 December 2009 (replacing the Treaty of EU with The Treaty on the Functioning of the European Union (TFEU) (Eurostat, 2020). The stipulations of the successive treaties indicate that the introduction of the common currency was based on the premises that were far beyond economic account (Nowak, 2000). What is more, there is a strong conviction that the EU legal and institutional draft (or eurozone) may hamper the European Union in the efficient solution of the problems of various countries (Markakis, 2020).

The presented narrative maintains that the accession to the EU structures brought Poland numerous benefits. Since the beginning of the accession, Poland has been a net beneficiary which means that the revenues to the budget are a few times bigger than the proceeds to it. By signing the accession treaty Poland committed itself to introducing common European currency to its territory.

It can be noted that a currency union is characterized by the use of a single currency. Countries that are members of a monetary union are subject to a supranational institution, namely the central bank. The introduction of the euro results in transferring a significant part of monetary policy autonomy to the European Central Bank (ECB), which is responsible for the functioning and stability of the euro area (Pukin, 2021). For example, it may take actions to mitigate the problem of stagflation (Cai et al., 2022). The issue of trust in central banks, especially the ECB, also arises, which is essential for the effective transmission of monetary policy (Angino, Ferrara & Secola, 2022).

In the light of the considerations on the upsides of introducing a single currency, the euro is noted to reduce currency risk, which in turn lessens the transaction costs, increases trade exchange and investment. It is also pointed out that the membership in the monetary union not only brings benefits, but also imposes some impediments to shaping economic policy; to give offhand an example, the loss of autonomy in shaping monetary policy and the exchange rates. Therefore, there are dilemmas that emerge around the introduction of European currency to Poland, which can be systemized as benefits and opportunities or costs and threats involved in the introduction. At this stage, it would be difficult to swing to the benefits of any of the aspects.

THE METHODOLOGY

As listed in the literature, the benefits of adopting a common currency may be divided into the direct ones and those that come gradually. The direct benefits may be enjoyed over a short period of time, while indirect benefits may be potentially reaped over medium or even long term time perspective since the adoption of a common currency. The "potential" qualification is used not without a good reason since the analysis assumes a theoretical aspect of benefits, juxtaposed to the potential threats viewed in the Polish context, and then compared to the experience of Greece, Spain, and Portugal.

The elements of SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) and TOWS (Threats, Opportunities, Weaknesses, and Strengths) were used for the purposes of this article (Puyt, Lie & Wilderom 2023). The natural consequence of the stance of the article was reversing the order of elements towards TOWS (Prodjonoto, 2020). In this particular case, the authors attempted to answer the question whether the opportunities for Poland will allow overcoming the inherent threats, and the strengths will allow alleviating the weaknesses. This approach was adopted to verify the hypothesis whether the hypothetical benefits of accessing the eurozone, calculated mathematically on a theoretical model, may advocate the accession, and yet a critical analysis of the condition of the management and the current policy of the eurozone call for caution. Primarily, the upsides of the introduction of a common currency were analised. Then, the analysis was extended to cover the long, medium and short-term costs of the introduction of a common currency. Case studies for the selected periphery countries will present the experiences of Greece, Spain, Ireland and Portugal. It is this experience that is a veritable gauge for the arguments advocating Polish accession to the eurozone.

BENEFITS AND OPPORTUNITIES, COSTS AND THREATS WITHIN THE EUROZONE

Benefits and Opportunities

The first thing that comes to mind in the analysis of the benefits is the exchange rate. Exchange rate risk is one of the factors increasing the uncertainty of making economic decisions. It affects the costs of the entities operating in business and makes them prone to risks. The introduction of a common currency directly reduces the exchange rate risk, and consequently lessens the exchange rate and transaction costs. The exchange rate risk is attributable to the flow of exchange rates and is related to the anxiety of market players about their future (National Bank of Poland, 2009). Thus, a common currency substantially facilitates economic operations. Owing to the improved financial result, the companies freed from a financial burden may allocate the additional funds to investment and provide new jobs. A common international currency will eliminate all foreign currency risk in bilateral trade. Once that risk is gone, the cost of insurance for a transaction is also history since there is no need for reassurance of foreign assets and liabilities against such risks (Kotyński, 2005, p. 192). Nowak (2000) observes there are numerous arguments for the adoption of euro, since every EU state perceives the spectrum of strengths and threats related to a common currency in a different way.

Costs and Threats

The costs side is opposite to the benefits and opportunities due to the fact that the former are concentrated in the early stage while the benefits are not then fully apparent. The costs of launching a common currency may be divided into the long, medium and short- term category. The long-term consequence of the integration of Polish economy with the eurozone will be a long-term price convergence. Prices in Poland will be adjusted to the EU level, and this will push the inflation in Poland up. The process of price convergence is attributable to the uneven rise in work efficiency and a similar rise in wages in the manufacturing sector participating in the international trade. A similar rise is observed in the sector that does not participate in the trade, mostly services and the financial sector. In a country controlling its currency, the inflation rate would be regulated by the nominal and real appreciation of the exchange rate.

It is very likely that the European Central Bank will pursue its own monetary policy, bearing in mind the condition of the economy of the major eurozone countries. This is apparent by the direction of reforms implemented by the ECB which envisage increasing the vote of the countries with the strongest economies at the expense of countries with a weaker economic potential (Każmierczak 2013, p. 18). The mid-term threats are dependent on the question to what extent the adoption of a common currency may aggravate price processes, contrary to the expectations. This might be the consequence of choosing the PLN/EUR exchange rate which is not optimal, excessive rise in wages, and in particular an excessive rise in the real estate prices.

It is also worthwhile turning attention to the issue of divergent price policy in Poland and in the eurozone, and how far it may translate into the changes in the real sphere (NPB, 2009). In the short time perspective, the costs of accession to the eurozone may be related to the possible tightening of Polish macroeconomic policy. If the inflation does not run below the reference figure, this may require taking steps to lower the rise in prices. Over the short time frame, these steps may jeopardize the GDP dynamics, which translates into a drop in the economic growth (Niedziółka, 2008, p. 75). The foregoing arguments, as described earlier in the methodology, are potential and, in a way, theoretical. This means that the consequences are possible to predict or program. Therefore, an attempt to make them real or to verify them in the successive stage of the research was made on the basis of the experience of selected eurozone countries, whose situation has become a threat to the stability of the common currency area.

Case Study

Greece became the first country of the European Union where the consequences of the financial crisis that affected the US already in 2008, were so acute. The structural problems of Greek economy were apparent well before the accession to euro of that country, even though Greeks first introduced euro to their system in 2001, and a year later fully converted to that currency. Euro became the currency of Greece on 1 January 2002 (European Central Bank, 2002). In 2010, in line with the outburst of Greek crisis, the questions about the presence of Greece in eurozone became more vexing. This was because there were some sound arguments to consider that country as not adjusted to monetary integration. That situation brought to broad daylight the structural weaknesses of Greece such as preferential treatment of the state enterprises in comparison to private companies as well as the lack of institutional and legislative transparency (Rozkrut & Woreta, 2005, p. 188). To counter the deepening internal imbalance, the Greek government took steps to curb the inflation and improve the budgetary balance. Nonetheless, despite those attempts, no radical decisions were made in the area of social policy and the labour market. The reached result was short-term, if not temporary, and the negative consequences were suffered both by Greece as well as the whole eurozone.

It should be noted that Greece had not satisfied the prerequisites of nominal convergence. This situation became a starting point for a discussion on the decision of the European Commission which admitted Greece to common monetary mechanisms (the Ministry of Finance, 2010). The impact of the external factors related to the accession of Greece to eurozone was not without significance. The cost of acquisition of capital dropped, nonetheless it was not used efficiently, hence the increase of public debt in relation to GDP (Rozkrut & Woreta, 2005, p. 11). As a result, the cost of capital gauged with the profitability of treasury bonds was similar across the eurozone, despite substantial structural differences of their economies.

The credit of investors' trust waned with the outburst of the global economic crisis. Under those circumstances, the real evaluation of the condition of economies was restored, and in the case of Greece, this revealed the deteriorating financial situation. Consequently, Greece had to plead for support of other eurozone countries within the framework of the European Financial Stability Fund. The commitments made in the previous years, instead of improving competitiveness and investment, were earmarked for private and public consumption. The plummeting credibility of Greek government worsened the problems of capital acquisition to repay the current debt. The capital was not only more difficult to procure, but also more and more expensive, which drove Greece into the spiral of debt. Old liabilities repaid by the capital which was more difficult to obtain worsened Greek situation.

Fiscal consolidation programs for Spain and Portugal, amended by the governments of those countries in 2010, were poised to reduce the deficit faster than it was planned in the stability program updates drafted early in 2010. In 2011, the Spanish deficit was to be reduced to 6.0% GDP, whilst in the stability program update it was projected at 7.5% GDP. In Portugal, instead of the originally planned negative public sector balance of 6.6% for 2011, the Parliament adopted a government proposal setting the deficit at 4.6% GDP.

In the ensuing discussion about bringing new currency to Spain, it should be noted that the resignation from an autonomous monetary policy in that country increased its credibility. Financial markets looked at Spanish economy with more confidence. This was the consequence of leveling the premium for the risk of investment in all the member countries. That process may be definitely considered as a benefit since the risk premium was higher than in other countries about to join the eurozone. Hence, there was a peculiar incidence of transferring credibility to the territory of Spain. On the other hand, nominal interest rate went down which resulted in surging inflation. Lowering interest rates revived investment both in the private as well as public sectors.

Moving analysis even further, it turned out that the investment did not contribute to the accumulation of capital and a growth in the production factors, but instead it was allocated to the construction business. The average annual growth in the construction investment noted a growth over 6%, with the growth of 4% in the production infrastructure (Sum, 2013, p. 145). Investment in construction and the growth in its dynamics did not translate into the growth in the efficiency, but merely increased the employment. One of the explanations may be the labour-consuming aspect of the construction business. Dropping of the interest rates was accompanied by a substantial economic growth following the accession to the eurozone, yet dwindling dynamics of labour efficiency and the slump in savings did not promise keeping it at the expected level.

As demonstrated above, the economic growth was attributable to the growing consumption and the mentioned earlier investment in the construction business. Such policy had been pursued since the early 1990s, and the accession to the eurozone brought about merely a one-time drop in the interest rates. The accession to the eurozone provided an opportunity to launch numerous investment projects aimed at increasing work efficiency, yet that opportunity was not fully seized. As highlighted by Vera Šćepanović (2020), this could have been attributable to a situation in which,

> in some way, the new industrial policy in Spain had thus ran against the same barriers that had brought an end to the old industrial policy: a deep crisis, financial exhaustion and new constraints at the international level. Yet underneath the appearance of radical liberalization, the industrial policy of the conservative government actually strayed very little from the neo-developmentalist path of the previous years. Subsidies for transition to more efficient and alternative energy vehicles continued and were even expanded, and even the observatories were reconstituted after a short pause as the Forum for Dialogue in the Automotive Sector.

Following the accession to the monetary union, the current balance deteriorated steadily. Strong internal demand contributed to the increase in imports, while a high inflation rate hampered exports. The loss of the competitive edge of Spanish exports was attributable to the high price flexibility of exports which was the result of the adverse structure of production (Sum, 2013, p. 148). A growing current deficit might have been considered as a positive phenomenon, had it led to the increase in production that could bolster the supply in the future. Regrettably, in case of Spain, a predominant part of its exports consisted of the consumer goods, while the investment was visible on the property market which was irrelevant for the future exports. Surging demand in Spain following the accession of that country to eurozone increased the inflation. That upswing was to some extent the consequence of the low conversion rate adopted before the introduction of euro. Nonetheless, this was not the only reason, and it should be noted that rising inflation was largely attributable to the increase in the wages exceeding the rise in the efficiency of labour. The centralized system of wages negotiations was to blame, since the increase in the wages enforced by the trade unions fully translated into the increase in prices.

In conclusion, it may be asserted that the inflationary processes in Spain considerably jeopardized price competitiveness of exports, and in the long run also the economic growth of that country. Spain, just like some other countries across the globe that initiated the financial crisis, experienced the credit bubble on the real estate market. The mentioned earlier lowering of real interest rates, and the resultant mortgage loans that stretched even to 40 years, became a decisive factor of inflating the bubble (Sum, 2013, p. 154). An excessive credit expansion is frequently attributable to excessively lax banking system regulations. Nonetheless, it should be noted that both the regulations as well as the banking supervision became very strict in the early 1990s. The strict regulations were the consequence of banking crises that tormented Spanish economy in the 1980s. By the same token, banking supervision from the part of the private sector was much more strictly regulated than in the remaining EU member states. On top of that, Spain provided much stricter regulations on capital requirements and deposit guarantees than other EU countries.

Nonetheless, the conservative regulations proved ineffective, and the financial crisis of 2007–2008 explicitly showed their weaknesses. It should be noted that the banking regulations in Spain were continually reformed within 1999–2007 along the stipulations of the New Basel Capital Accord, Basel II. Those stipulations for Spain as well as other countries, trying to adjust their legislation to the new requirements, proved faulty. Consequently, the banks started to finance credit loans with the funds acquired on the international markets, e.g. acquired by securitization of mortgage loans. Banco de Espana reacted to the financial crisis by stepping up the regulations on the financial supervision. In this way, the Central Bank of Spain made an attempt to replace the anti-cyclical monetary policy they could not handle with anti-cyclical regulations (Sum, 2013, p. 158). Hence, it may be asserted that the harsh regulations of the banking sector in Spain prove ineffective in the conditions of the excessive economic expansion and the credit bubble that took place after the accession to the eurozone. A rapid increase in granted credit loans demanded that the banks search additional sources of financing. Faced with a limited pool of equity, the financial institutions were financing loans via securitization, which was not sufficiently regulated. Goyer, Glatzer, and Real (2021) noted that

> The formal bailout packages provided to Greece (May 2010, March 2012, and July 2015), Ireland (December 2010), and Portugal (May 2011) required them to implement extensive austerity measures.

Downturn in Portugal seemed to be the last link in the EU crisis. For this reason, the financial rescue plan allocated to Portugal was regarded as both the next, and the last such aid program within the eurozone (Bielecki, 2011). Despite those circumstances, "it is surprising that citizens living in poorer EU countries are less willing to support fiscal solidarity than their counterparts in more affluent countries", and what is more, "citizens living in poorer member states do not view within-EU solidarity measures as a collective responsibility, but rather as primarily the obligation of richer member states (Vasilopoulou & Talving, 2020). In addition, "citizens, who experienced economic interventions, recognised that their governments lacked autonomy over political decision making" (Devine, 2021) and they maintain

> that national governments are not completely free to do as their citizens wish them to, particularly in the context of the European Monetary Union. Until the global financial crisis hit Europe in 2008, the external constraints imposed by EU membership on national economic policy were never really perceived by citizens at the national level (Alonso & Ruiz-Rufino, 2020).

OPPORTUNITIES AND THREATS POLAND ACCESSION TO THE EUROZONE

The presented above cases are not merely a record of experience, but also show the benefits and costs of Poland accession to the eurozone. Their consideration and analysis were based on a National Bank of Poland document "A report on a full participation of the Republic of Poland in the third stage of the Economic and Monetary Union" (2009). The reduction of an exchange rate risk does not directly depend on other macroeconomic factors or the situation on the market. In the long term, Polish currency lacks stability compared to the American Dollar. The floating exchange rate hampers participation in the foreign trade since it is not feasible to forecast the costs and revenues of such exchange. The parties engaged in the exchange have to bear the risk or increase the transaction costs by adopting internal or external safeguards.

The accession of Poland to a common currency will help to eliminate the exchange rate risk, which is confirmed by the experience of the common currency zone countries, including the analised periphery countries. Following that line of reasoning, it may be asserted that the reduction of the exchange rate risk brought about by the adoption of a common currency may deprive Poland of the possibility to control the economy with an independent exchange rate policy. In Poland, the Council of Ministers and the Monetary Policy Council co-operate in setting out the currency policy later implemented by the Polish National Bank. Those two bodies jointly formulate the principles of setting the exchange rate of złoty (PLN) against other currencies.

Those tools have not been available to the public institutions in Greece, and they could have been used for improving the macroeconomic situation and competitiveness. Trust, on which the Greek economy founded their economic development and the access to cheap capital, is another issue to be discussed. That trust allowed leveling the interest rates of debt instruments of the largest economies as well as the periphery countries of the European Union. Despite the fact that Poland is not a member of the eurozone, it has been perceived as a strong player on the European markets. This is best reflected in the interest rate of the government bonds that has fluctuated negligibly since 2005. By comparison, Greece obtained slightly lower yields on its own debt instruments despite the fact that it has been a member of the eurozone for a few years. The investors lost confidence in Greek bonds only after 2009.

The case of Greece substantiates the concern about the risk in setting non-optimal exchange rate between the national currency and the euro. The drahma exchange rate was revalued against the euro (the Ministry of Finance, 2010). A similar decision in relation to the złoty may in medium term erode the competitiveness of the national economy on the international market. A potential threat is dependent on other structural factors such as the expenditure of the public sector.

CONCLUSIONS

In view of the foregoing, it may be asserted that the weaknesses, in our case the costs and threats, largely determine the benefits and opportunities. Theoretically, the benefits of Polish accession to the eurozone outweigh the costs, yet in practice the situation may be different, as demonstrated by the periphery countries of the eurozone, with the current governance of the eurozone. The conclusions from the analysis advocate discarding the hypothesis in view of the real threats.

It should be noted that economic reality cannot be based on certain forecasts. Nonetheless, a careful scrutiny of the past cases greatly facilitates the identification of the distortions and allows alleviating their negative effects. Theoretical benefits of accessing the eurozone seem to outweigh the costs and threats. However, the case of Greece raises the question whether Poland, in its current condition, is qualified to access the eurozone.

We can draw on the theoretical part and the analysis to formulate conclusions. Benefits can be expected, yet it is prerequisite to prepare well to the introduction of the common European currency. The success of the undertaking is largely dependent on the policy professed prior to the accession. The conclusions will materialize when the conditions of the future accession of Poland to euro find reference to the analysis of the case of Spain.

In the process of drawing conclusions on the prerequisites of deriving benefits by Poland from the accession to the eurozone, it is mandatory to note a few significant errors that may be avoided. Spain could have gained on lowering the risk premium, avoiding inflationary tendencies or an increase in the current account deficit, had it had at its disposal the tools for anti-cyclical economic policy within the framework of the EU monetary union. Therefore, Poland should consider verifying banking regulations from the angle of the impact made on the volume of credit bubbles and economic expansion. It is worth noting that Spain could have avoided the excessive inflation within the framework of a common currency, if it had implemented the wages reform and allowed deregulation on the commodity market.

Going down the list of implications, the surge of inflation would not have taken place if the investment due to lowering the interest rates had been allocated in the production assets rather than real estate, yielding a higher efficiency of labour. The loss of the autonomy of the monetary policy and of setting the exchange rate are also considered a cost of participation in the eurozone (Alonso & Ruiz-Ruffino, 2020), despite the fact that numerous paths could lead to an improvement in the functioning of the euro area. From an institutional design perspective, improvements could eliminate the current sources of fragility and allow for better macroeconomic policies, including a more appropriate fiscal-monetary policy mix (Orphanides, 2017).

In case of Spain, resignation from those instruments did lower the risk premium, and it is very likely that situation may recur in Poland. In the discussion of costs, due attention should be paid to the consequences of adopting a certain type of conversion. For Spain, depreciation of currency by 26% made this country join the eurozone with a low conversion rate. The result of this situation is import inflation. Beyond any doubt, this is qualified as a loss due to the lower valuation of domestic revenues in the new currency.

In summary, the same currency for the transactions allows dropping the cost of running a business. Since the prices within the eurozone denominated in the European currency are easier to compare, this rationalizes setting up an optimal economic account and facilitates the process of making decisions in the area of capital allocation. Elimination of the exchange risk may also contribute to trade exchange, which in turn should stimulate the development of trade as well as the international trade exchange. These arguments are beyond any dispute since the derived benefits are in the focus not just entrepreneurs, but also other players on the market. Certainly those changes may become a factor stimulating innovation, and all the arguments raised may in practice contribute to a faster economic development. Nonetheless, it should be noted that participation in the monetary union is primarily associated with long-term results. As already mentioned in the first part of the article, it is not feasible to list the benefits and costs of the accession in a parametric way, if only due to the fact that the benefits become apparent in the long run, unlike the costs. Hence, it can only be more accurate to indicate the factors that make an impact on the size of these parameters.

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