

Brief Summary of the Articles

About the preconditions of Hungary's smooth joining the EU Part II.

The current joining process of Hungary is a crucial historical chance and challenge at the beginning of the third millenium. Preparing the effective and smooth joining is a historical responsibility. We already had a look at this subject two years ago, but back then we only tried to collect the opinions concerning the situation before the joining discussions. At the time of our recent survey the discussions are still going on – they are at the stage of x-raying – so the expected conditions of the entry can be outlined much better.

In connection with this we have the following question

Until the time of joining what kind of changes do you think are necessary in the field of regulations and institutions at your specialisation or at a wider spectrum for the successful closing of the discussions and for the as smooth as possible transition of the Hungarian economy?

Implications of EMU for Exchange Rate Policy in Central and Eastern Europe

GYÖRGY KOPITS

In view of the requirements of Stage 2 of European Monetary Union (EMU) for accession to the European Union, this paper examines the desirability for, and the ability of, the lead candidates in Central and Eastern Europe to participate in the new exchange rate mechanism (ERM2) and eventually in EMU. For most of these countries the benefits are likely to outweigh the cost of participation. After successfully meeting the basic conditions (wage flexibility, prudent fiscal and monetary stance, financial system soundness) for ERM2, each candidate should be able to shadow the euro, with sufficient flexibility around the central rate, prior to formal participation. The paper concludes with a discussion of two policy dilemmas.