

## The euro and enlargement

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### *The euro five years after: the record of the ECB:*

- Smooth introduction of the euro, including banknotes and coins
- ECB mandate: inflation under, but close to, 2%.
- Exchange rate: through ups and downs back to level at launch?
- Has the euro made Europe more expensive?
- One size fits all: is ECB monetary policy good for all?
- Are inflation differentials in the euro-zone higher than in the US?

### *Stability and Growth Pact*

- Explanation of rules and functioning of SGP
- Overall adherence to budget deficit rule (under 3%)
- Individual countries have gone over 3%
- Do the rules need revision?

### *Enlargement*

- New members are obliged to adopt the euro
- But Maastricht convergence criteria apply
- Lithuania, Slovenia and Estonia have joined ERMII
- Poland, Hungary and Czech Republic will take more time
- Acceding countries are heterogeneous, pointing to a case by case approach