

UNIVERSITY OF ECONOMICS, PRAGUE

MASTER'S THESIS

2018

Bc. David Ivan Nosák

UNIVERSITY OF ECONOMICS, PRAGUE

Faculty of Business Administration

Master's Programme: CEMS International Management



MASTER'S THESIS:

Analysis of argumentations of selected Czech
political parties regarding the euro adoption

Author: Bc. David Ivan Nosák

Supervisor: PhDr. Eva Kašparová, Ph.D.

DECLARATION OF AUTHENTICITY

I hereby declare that the Master's Thesis presented herein is my own work, or fully and specifically acknowledged wherever adapted from other sources. This work has not been published or submitted elsewhere for the requirement of a degree program.

Place and date:

Signature:

MASTER'S THESIS

Analysis of argumentations of selected Czech political parties regarding the euro adoption

ABSTRACT

The aim of this thesis is to perform a qualitative content analysis of argumentations of selected Czech political parties regarding the adoption of the euro in the Czech Republic. In the first part, the thesis gives an overview of different dimensions of arguments that can be used when referring to the euro adoption with respect to the situation in the Czech Republic. It refers to academic and expert data from independent individuals or institutions and presents positions that speak both “for” and “against” the euro adoption, in order to give an objective view on the topic. In the practical part, the thesis analyzes concrete argumentations of selected political parties based on the data collected and the dimensions of arguments identified in the first part.

KEY WORDS

Economics, politics, society, culture, euro

Contents

Introduction.....	7
1. Methodology	8
1.1. Theoretical part	8
1.2. Practical part	9
2. Characteristics of the eurozone	11
2.1. Stages of economic integration.....	11
2.1.1. Preferential trading area (a.k.a. preferential trade agreement or PTA)	11
2.1.2. Free trade area (FTA).....	11
2.1.3. Customs union.....	11
2.1.4. Common market.....	12
2.1.5. Economic and monetary union (EMU)	12
2.1.6. Complete economic integration.....	13
2.2. Economic and monetary policy of the eurozone	13
2.3. Maastricht convergence criteria	14
2.4. Theory of optimum currency areas.....	14
2.4.1. Criteria that reduce the exposure of member countries to asymmetric shocks	17
2.4.2. Criteria that facilitate the adjustment to asymmetric shocks.....	18
3. Economic dimensions of the euro adoption	19
3.1. The Czech Republic's Euro-area Accession Strategies (2003 & 2007).....	19
3.1.1. Advantages of the membership in the euro area	20
3.1.2. Disadvantages of the membership in the euro area	20
3.2. Assessment of the Fulfilment of the Maastricht Convergence Criteria	21
3.2.1. Price stability	21
3.2.2. Sound public finances.....	21
3.2.3. Sustainable public finances	22
3.2.4. Durability of convergence	22
3.2.5. Exchange rate stability	23
3.3. Degree of Economic Alignment of the Czech Republic with the Euro Area.....	24
3.3.1. Regions' similarity in economic structure	24
3.3.2. Degree of economy openness.....	27
3.3.3. Degree of product diversification.....	28
3.3.4. Homogeneity of preferences.....	29
3.3.5. Mobility of labor and capital	29
3.3.6. Transfer payments.....	32
3.4. Situation in the eurozone	33

4.	Political dimensions of the euro adoption	35
5.	Sociocultural dimensions of the euro adoption	37
6.	ATLAS.ti.....	38
7.	Researched political parties	42
7.1.	ANO (Action of Dissatisfied Citizens).....	42
7.2.	ODS (The Civic Democratic Party)	46
7.3.	Czech Pirate Party.....	50
7.4.	SPD (Freedom and Direct Democracy – Tomio Okamura)	54
7.5.	KSČM (The Communist Party of Bohemia and Moravia)	57
7.6.	ČSSD (The Czech Social Democratic Party).....	61
7.7.	KDU-ČSL (The Christian and Democratic Union – Czechoslovak People's Party)	64
7.8.	TOP 09	67
7.9.	STAN (Mayors and Independents)	70
	Conclusion	74

Introduction

The Czech Republic committed to adopt the euro as its national currency when entering the European Union on May, 1, 2004, but has not yet fulfilled the obligation. Although the expected date of the adoption was initially set between years 2009 – 2010, the Government decided to postpone the decision three years later and has continually been doing so ever since. Its reasoning is based on profound analyses published together by the Czech National Bank and the Ministry of Finance, which assess the country's economic preparedness towards entering the eurozone on a yearly basis. Currently, the Czech Republic fulfills the majority of the legally binding criteria for the euro adoption, but other aspects, such as the overall economic convergence of the Czech and the eurozone economies, remain major arguments that speak against it. All in all, the opinions of economic experts are highly divided and nobody can clearly state whether the Czech Republic actually should adopt the single currency or not.

On the other hand, it is important to acknowledge that the euro adoption is ultimately a matter of political decision, as it is taken by the member state's governments and its political representations. Although one could expect something as complex as a replacement of the national currency will be mostly evaluated with economic arguments and analyses, experts and scholars suggest that the respective debate is also strongly affected by views of the politicians and their electorates on the European Union as such and by the extent to which the new currency adoption impairs the national identity and culture of the population. Therefore, the aim this thesis is analyze dimensions of argumentations of the Czech parliamentary political parties that can have an influence on the euro adoption.

The aim of this thesis is to perform a qualitative content analysis of argumentations of selected Czech political parties regarding the adoption of the euro in the Czech Republic. In the first part, the thesis gives an overview of different dimensions of arguments that can be used when referring to the euro adoption with respect to the situation in the Czech Republic. It refers to academic and expert data from independent individuals or institutions and presents positions that speak both "for" and "against" the euro adoption, in order to give an objective view on the topic. In the practical part, the thesis analyzes concrete argumentations of selected political parties based on the data collected and the dimensions of arguments identified in the first part.

1. Methodology

The thesis consists of two main parts – the theoretical and the practical part. In the first part, I identify and describe different dimensions of arguments that can be used when referring to the euro adoption with respect to the situation in the Czech Republic. The idea is to collect ideally academic and expert data from independent individuals or institutions and present positions that speak both for and against the euro adoption, in order to get an objective view on the topic. In the practical part, I analyze the concrete arguments of the political parties currently incumbent in the Czech Chamber of Deputies based on the data collected and the dimensions of arguments identified in the first part.

1.1. Theoretical part

According to multiple sources both from the Czech and foreign authors, I assume the euro adoption can be viewed from three different points of view: **economic**, **political** and **sociocultural**¹. (Miriam S. Allam, 2008) (Parízek, 2011)

As regards the first dimension, I explain the economic theory behind currency unions and describe the current state of the Czech economy with respect to the eurozone. A special attention is paid to the analyses on the fulfilment of the Maastricht convergence criteria and the alignment of the Czech and the eurozone economies, which are published jointly by the Czech central bank and the Ministry of Finance and present the official economic position of the Czech Republic towards the euro adoption.

Concerning the political perspective, I present potential political dimensions that the euro adoption can take. Among others, I take inspiration from the work of Michal Parízek, an academic researcher at the Institute of Political Studies at Charles University in Prague. Although the Czech debate around the euro adoption in the last decade was seemingly dominated by economic arguments, Parízek managed to empirically prove that the final *“decision to participate in the single currency rests on whether or not politicians and their electorates are politically supportive of EU integration”*. (Parízek, 2011) His conclusion was made based on a thorough examination of a series of political discussions in the Czech TV between various experts and the then two major Czech political parties (the right-wing ODS and the left-wing ČSSD) collected between the years 2007 – 2010.

The last perspective assumes that the euro has an impact on the culture and identity of the society where it is adopted. There is not much literature on this topic and it is clearly the least relevant of the three. However, as shown in the practical part, some political parties still use

¹ Some sources refer to this dimension of arguments as “historical-ideational” (Miriam S. Allam, 2008). I chose a wider term “sociocultural”, which I believe is more comprehensive and better illustrative in this matter.

arguments from the socio-cultural point of view in their argumentation regarding the euro adoption.

It is important to state that none of the three perspectives will be able to answer whether the Czech Republic actually should adopt the single currency or not, as the opinions of experts across various scientific fields differ and there is simply no unambiguous answer to that. (Tůma, 2017)

1.2. Practical part

In the practical part, I perform a **qualitative content analysis**, which is a qualitative research technique used to interpret the meaning of the content of various types of data, find links and patterns among such data and make comparisons. (Hsiu-Fang Hsieh, 2005) In my research, I examine the argumentations regarding the euro adoption of the 9 Czech political parties' that were elected to the Parliament in the latest 2017 elections. The list of the scrutinized parties can be found below. For the sake of simplicity, I am using the abbreviations of the parties' names taken from the Czech language throughout my work as follows:

- **ANO** (Action of Dissatisfied Citizens)
- **ODS** (The Civic Democratic Party)
- **Pirates** (The Czech Pirate Party)
- **SPD** (Freedom and Direct Democracy – Tomio Okamura)
- **KSČM** (The Communist Party of Bohemia and Moravia)
- **ČSSD** (The Czech Social Democratic Party)
- **KDU-ČSL** (The Christian and Democratic Union – Czechoslovak People's Party)
- **TOP 09**
- **STAN** (Mayors and Independents)

In order to facilitate the research process, I work with the **ATLAS.ti software** which allows to systematically arrange, reassemble and manage large bodies of textual, graphical, audio or video data. By analyzing a huge variety of publicly available material containing arguments of the parliamentary political parties, such as recordings of political debates, interviews, political programs, opinions and statements, I manage to summarize each party's argumentation regarding the euro adoption on 3 levels – I determine each party's opinion on the single currency in terms of favoring, opposing or being neutral to its adoption, I depict the proportion of its arguments by the dimension of argumentation (economic, political, socio-cultural), and finally I list each party's concrete arguments in order to wrap up its overall position on the euro. Further and more detailed information on my research and the functioning of ATLAS.ti is explained in the beginning of the practical part (Chapter 6), as it follows up on the theoretical part.

All in all, I analyzed 91 different sources between the years 2013 – 2018, which were selected from the following media publishers based on relevance:

- **Czech Television (ČT)**

The ČT is a Czech public television broadcaster and its total market share of around 31% makes it the biggest of all TV broadcasting companies in the country. (ČTK, 2018) It organizes debates and interviews with independent experts and politicians from parties of the whole political spectrum and is considered to be very balanced and objective. (Horák, 2018) From all the analyzed media publishers, the Czech Television, for instance, organized the biggest pre-election debate on the euro adoption among politicians in the past 5 years.

- **Hospodářské noviny (“Economic Newspaper”)**

Hospodářské noviny is a daily electronic and paper form newspaper with a specific focus on economics and related topics and it is rated as the press service with the highest quality economic news on the Czech market. (Hospodářské noviny, © 2018) As regards the euro adoption, it is therefore one of the most relevant media publishers in the Czech Republic. In my work, I used various articles, interviews and surveys conducted by Hospodářské noviny about the euro between all of the researched political parties.

- **Blesk (“Flash”)**

Unlike Hospodářské noviny, Blesk has a much more general focus and is considered a tabloid newspaper. It was chosen as it is the Czech best-selling and most widely read newspaper and can serve as a counterpart to the more professional Hospodářské noviny (MediaGuru, 2018). I followed the logic that it is relevant to seek for both expert and less expert argumentation, no matter who the recipient of the message is, as all the arguments ultimately form the public opinion and shape the debate on the euro adoption.

- **Websites and social media profiles**

Lastly, I sourced information from the social media profiles and websites of each of the researched political party, where they publish their political programs, opinions and statements. These sources are particularly important, as they can provide one-sided information that remain unchallenged and undisputed by the opposition.

2. Characteristics of the eurozone

Before describing the dimensions of the arguments that take part in the debate on the euro adoption, it is relevant to explain the general characteristics of the European monetary union and see how it functions. To begin with, let us look at six different stages of economic integration and the position of the eurozone within.²

2.1. Stages of economic integration

2.1.1. Preferential trading area (a.k.a. preferential trade agreement or PTA)

In its broad term, a PTA exists when there is an agreement on reducing or eliminating the customs tariffs on selected goods between two or more countries (bi-lateral or multi-lateral agreements). Being the first stage of integration, it is often viewed only as a first small step towards further development and the advancement to an FTA. (Economics Online, © 2018) To give an example, in 2003, India and Afghanistan have signed a PTA between each other on tea, dried fruits and other foodstuffs. (Department of Commerce, Government of India, 2003)

2.1.2. Free trade area (FTA)

An FTA, being basically an extension of a PTA, is a trading bloc that reduces or eliminates completely customs tariffs on all goods between participating countries. (Economics Online, © 2018) Apart from others, we can mention very well-known examples such as the European Free Trade Agreement (EFTA, est. 1960) between Iceland, Liechtenstein, Norway and Switzerland or North American Free Trade Agreement (NAFTA, est. 1994) among Canada, USA and Mexico.

2.1.3. Customs union

A customs union, like the previous stages, serves as a driver to encourage mutual trade by eliminating the customs duties on goods between countries involved. Unlike FTAs, however, these unions usually impose a common external tariff (CET) on imports from third party countries, thus effectively eliminating the possibilities of arbitrage. In other words, all goods entering the union, no matter which country they go to, are subject to the same tariffs. (Economics Online, © 2018) An example could be the Southern African Customs Union (SACU, est. 1910) currently arranged between Botswana, Lesotho, Namibia, South Africa and Swaziland or the Andean Community in the South American region (formerly the Andean Group, est. 1969, today referred to as CAN) (The Editors of Encyclopaedia Britannica, ©2018), which is at the moment represented by Bolivia, Colombia, Ecuador and Peru.

² There are various sources that distinguish even more levels of economic integration and some of them might slightly differ from the ones mentioned here. However, as this is not the core topic of this thesis, we only mention the 6 general stages as described by the European Commission.

2.1.4. Common market

A common market can be viewed as a group of countries that not only promotes mutual trade by duty free exchange of goods, but also allows free movement of capital, labor and services (a.k.a. four economic freedoms). Moreover, as well as eliminating internal tariffs and imposing CETs, the countries reduce or eliminate non-tariff barriers. Creating a common market usually requires establishing a certain level of harmonization of various micro-economic policies, such as monopoly power regulation and other anti-competitive practices, plus common rules regarding product standards. (Economics Online, © 2018)

Apart from the already mentioned EEC in the European context, the ambition to create a common market has been, for instance, also pursued in South America within the Mercosur trade bloc since 1991. However, some experts say that the members haven't yet reached as close integration as originally intended due to various conflicts and failures in coordinating their trading policies towards third countries. The bloc currently consists of four full members, i.e. Argentina, Brazil, Paraguay, Uruguay, and Venezuela, the membership of which was suspended in December 2016, however. Formally, its status is "only" a customs union given by the Protocol of Ouro Preto signed in 1994. (Claire Felter, 2018)

Moreover, the European Commission also distinguishes an integration stage referred to as the single market (a.k.a. internal market), which was reached among the European countries after the Maastricht Treaty came into force in 1993. The single market can be viewed as a common market that puts emphasis on removing trade barriers, like technical standards and taxes, making it even more harmonized. Its current members are at present all the 28 EU member states and the EFTA countries that have various degrees of participation. (European Commission, 2015)

2.1.5. Economic and monetary union (EMU)

The economic and monetary union (EMU) is yet another step further in possible integration of countries, which leads to scrapping individual currencies and adopting a shared one, among others. Generally speaking, this is currently the stage that was formally reached in the European Union. However, we have to distinguish between the EMU and the euro area. EMU (along with a common market) as an integration stage was already established by the Maastricht Treaty and thus all of the EU countries are also members of the EMU. However, not all of them are members of the euro area (a.k.a. eurozone), which means that they have not yet adopted a common currency. Currently, seven EU countries (Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, and Sweden) have a status of "Member States with a derogation", meaning that they have not yet fulfilled the necessary conditions for the adoption of the euro – the Maastricht criteria – even though they are obliged to do so in the future. Additionally, Denmark and the UK negotiated an opt-out and are therefore relieved from this obligation. All in all, we cannot simply determine the level to which the EU is

integrated, but it is considered a hybrid between stage 4 and 5 of the above. (European Commission, 2015)

Apart from the EU, a union that bears characteristics of an EMU was formed within countries in the Caribbean Sea – the Organization of Eastern Caribbean States (OECS). As an international inter-governmental institution, it is “ (...) *dedicated to economic harmonization and integration, protection of human and legal rights, and the encouragement of good governance among independent and non-independent countries in the Eastern Caribbean.*” (Organisation of Eastern Caribbean States, © 2016) Moreover, majority of its members use the Eastern Caribbean Dollar (ECD) as a common currency, which is overseen by one central bank (Eastern Caribbean Central Bank - ECCB). (Organisation of Eastern Caribbean States, © 2016)

2.1.6. Complete economic integration

The last stage to be reached in the process of integration of countries is a union that involves all the above, but further expands into the harmonization and cooperation in all policies, including fiscal policy, taxation and other economic policies. (European Commission, 2015)

2.2. Economic and monetary policy of the eurozone

The monetary policy of the euro area is conducted centrally and independently by the European Central Bank (ECB) headquartered in Frankfurt, Germany. Its supreme decision-making body is the Governing Council, consisting of six Executive Board members and the governors of the national central banks from the 19 eurozone member countries. Together, they take decisions on monetary objectives, key interest rates, the supply of reserves, etc., with the aim to maintain price stability and safeguard the value of the euro that is essential for ensuring high employment and economic growth. (The European Central Bank (ECB), Copyright 2018)

The ECB together with the central banks of all 28 EU countries form the European System of Central Banks (ESCB), while the ECB with the central banks of the 19 eurozone members form the Eurosystem. Moreover, it is relevant to mention the Eurogroup, which is an informal grouping of the ministers of economy and finance from the eurozone countries who together discuss policy coordination in the euro area and related issues. Their meetings are also accompanied by the European Commission and the ECB.

Unlike monetary policy, the fiscal policy of the EMU remains to a bigger extent in the individual domain of member states. Nevertheless, there are still certain rules set by the EU treaties, such as the limits for government deficit and debt. The countries' fiscal discipline is then controlled with the so-called Fiscal Compact (as part of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, TSCG), which allows to initiate an excessive deficit procedure against an EU country that breaches the limits. If no corrective action is taken on time, the respective country can face financial sanctions. (European Commission, 2015)

2.3. Maastricht convergence criteria

The Maastricht convergence criteria were created within the Maastricht Treaty to ensure that an EU country's economy is sufficiently prepared for the adoption of the euro. They provide rules for the sustainability and stability of public finances, inflation and exchange rate, which have to be fulfilled by each new candidate country before it enters the eurozone.

Table 1 - Maastricht convergence criteria

What is measured	How is it measured	Convergence criteria
Price stability	Harmonized consumer price inflation rate	Not more than 1.5 percentage points above the rate of the three best performing EU countries
Sound public finances	Government deficit as a % of GDP	Reference value: not more than 3 %
Sustainable public finances	Government debt as a % of GDP	Reference value: Not more than 60 %
Durability of convergence	Long-term interest rate	Not more than 2 percentage points above the rate of the three best performing EU countries in terms of price stability
Exchange rate stability	Deviation from a central rate	Participation in ERM II for at least 2 years without severe tensions (the domestic currency is only allowed to float within a range of $\pm 15\%$ with respect to a central rate against the euro)

Source: (European Commission, 2015)

2.4. Theory of optimum currency areas

Before a country can be admitted to the eurozone, it also has to consider its economic alignment with the already existing members and the ability to adjust to potential economic shocks. Let us now look at a broader economic theory behind.

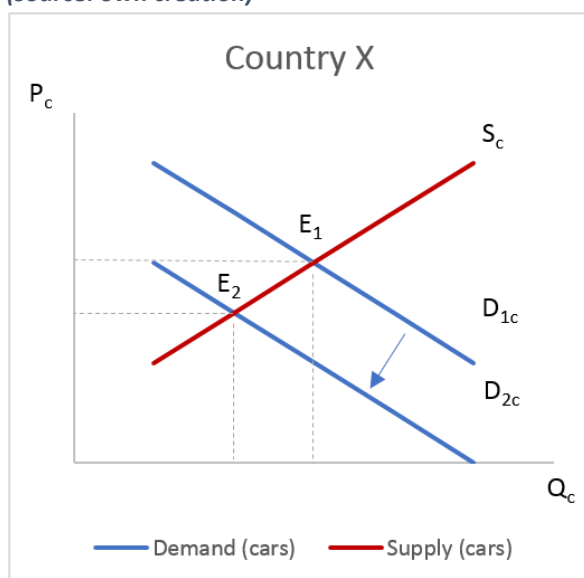
In 1961, a Canadian economist Robert A. Mundell³ published his theory of the optimal currency area (OCA), which implies that it is advantageous for countries to give up on

³ In 1999, Robert A. Mundell received the Nobel Memorial Prize in Economic Sciences "(...) for his analysis of monetary and fiscal policy under different exchange rate regimes and his analysis of optimum currency areas." (Nobel Prize, © 2018)

individual monetary policies and adopt a common currency (or simply a fixed exchange rate administration), because they stimulate mutual international trade, increase aggregate demand, reach higher competitiveness and decrease the general price level, etc. However, it is crucial these countries fulfill certain criteria (see chapter 2.4.1.), otherwise they might suffer from the impacts of asymmetric economic shocks⁴ and a common currency might cause adverse effects. Let us now build upon an example that Mundell used in his article on the theory of OCA published in the American Economic Review in 1961. (Mundell, 1961)

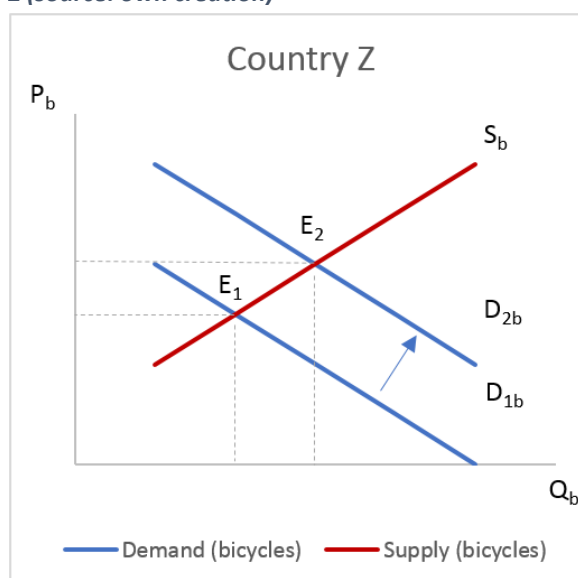
Let us assume there are two countries (X, Z)⁵ with economies heavily dependent on the production of two different goods that are substitutes to each other and they are initially in full employment and balance of payments⁶ equilibrium. Assuming further that country X is based on the production of cars and country Z is based on the production of bicycles, a sudden surge in oil prices would likely cause an asymmetric shock between these two regions. Consumers would probably buy less cars and shift to bikes, which would decrease the demand for cars in country X and increase the demand for bicycles in country Z, as shown below.

Figure 3 - Decrease in demand for cars in country X
(source: own creation)



Source: (Mundell, 1961), own creation.

Figure 3 - Increase in demand for bicycles in country Z
(source: own creation)



Source: (Mundell, 1961), own creation.

⁴ Asymmetric shocks can be defined as “(...) sudden and violent price movements that have varying effects on different countries, industries, and sectors.” (InvestorGuide, © 2018)

⁵ In the original paper, Mundell used countries A, B and didn't specify the goods traded. I decided to use more distinct X, Z and broaden the example for better understanding.

⁶ The balance of payments is “(...) a statement of all transactions made between entities in one country and the rest of the world over a defined period of time, (...)” (Investopedia, 2017)

In our simplified case the transactions are depicted as demand and supply curves, which are connected with just two goods (cars and bicycles) traded between just two countries (X and Z).

Let us further assume the central banks act to prevent excessive inflation and that wages and prices cannot be reduced in the short run without causing unemployment. In consequence of the shift of demand from one country to another, car producers in X would have to decrease wages and fire workers, which would lead to an overall raise of unemployment in the country. In the case of Z, we would see a surplus in balance of payments and an increase in inflation, as a result of bike producers raising their prices in order to outweigh the excess demand⁷. Finally, the less Z allows its inflation level to increase, the worse will be the unemployment level in X. (Mundell, 1961)

In such situations, Mundell points out that a common monetary policy cannot solve both problems. If both countries had a single currency and the central bank applied a restrictive monetary policy⁸, it would result in a lower level of consumer spending and the demand curves in both countries would shift down. In consequence, it would decrease inflation in Z, but also further deepen unemployment in X. If, on the other hand, they applied an expansionary monetary policy, the demand curves would shift up, which would alleviate the unemployment problem in X, but further increase inflation in Z. Therefore, the previous equilibrium disrupted by the asymmetric shock would require a change in relative prices, in order to be restored. In case the regions had different currencies, they could achieve this by altering the exchange rates. If country X depreciated its currency compared to the currency of country Z, the demand curve for cars would be driven up once again due to lower real prices and wages (though the nominal values would stay the same)⁹. Thus, X would alleviate its unemployment problem and recover its previous position. (European Parliament, 1998)

As this example suggests, a currency area cannot prevent both unemployment and inflation at the same time¹⁰. On the other hand, it is important to realize that separate countries with flexible exchange rates cannot always solve the problem either, because in reality asymmetric shocks usually influence industry-based regions rather than currency-based regions (as shown in our simplified example, where a nation's economy was dependent on one industry only). As Mundell concludes, *"(...) the argument for flexible exchange rates is only valid if currencies are reorganized on a regional basis"* (Mundell, 1961), which implies that an OCA should be a

⁷ Specifically, we are talking about the demand-pull inflation.

⁸ In simple terms, a restrictive monetary policy means that the central bank restricts the overall nation's money supply, which can be done by raising the banks' reserve requirements, raising the interest rates to banks, etc. (Your dictionary, © 1996-2018)

⁹ *"When a currency depreciates, imports become more expensive, so local customers tend to buy more local products. Also, exports become more competitive internationally because they now cost less for the outside consumers, so the demand for local products grows. As a result, local firms try to increase production, so they often hire more personnel."* (Study.com, © 2003-2018)

¹⁰ The inverse relationship between unemployment and inflation was also studied by William Phillips. The downward sloping Phillips curve, first described in 1958, shows how increasing inflation decreases unemployment, and vice versa. It is, however, important to add that this phenomenon was to some extent empirically disproved during the occurrence of stagflation in the 1970s in the UK and other countries, where high levels of both inflation and unemployment were experienced.

more or less homogenous economic unit in order to prevent asymmetric impacts of economic shocks.

All in all, Mundell and several other economists,¹¹ that followed his assumptions, developed various criteria that assess a country's suitability for membership in a currency union. If these criteria are met, the currency area can bring significant economic benefits to its members and effectively absorb economic shocks at the same time. The criteria can be summed up into two groups as follows:

2.4.1. Criteria that reduce the exposure of member countries to asymmetric shocks

2.4.1.1. *Countries' similarity in economic structure*

If the economies of all the countries involved in an OCA are based on similar industries and go through similar business cycles, the impacts of economic shocks are symmetric and thus one monetary policy can be used to serve all members analogically. (Jennifer Jager, 2013)

2.4.1.2. *Degree of economy openness¹²*

This argument says that the more a country is open to international trade, the less it can compensate asymmetric shocks with an individual currency and a flexible exchange rate. Let us get back to our previous example, except this time country X has already depleted its supplies of raw material, therefore it became a more open economy and imports its raw material from abroad, where country Z is one of the main suppliers. If there is a sudden shift of demand from cars to bicycles and country X wants to compensate the shift by depreciating its currency, its cars become relatively cheaper to the outside consumers, but the raw material it needs to import to forge car parts becomes relatively more expensive. In general terms, for very open economies, any alteration of the nominal exchange rate is quickly followed by nominal changes in the domestic prices of goods due to interconnectedness with other economies and thus the real exchange rate is left unaffected. (Jennifer Jager, 2013)

2.4.1.3. *Degree of product diversification*

This criterion says that the more the economies of countries in a currency union are specialized into production of particular goods, the more the economic shocks hitting the union will have asymmetric impact on its members. In other words, the union will be stable if its members reach a high degree of product diversification. (Jennifer Jager, 2013)

¹¹ Namely, we speak about R. I. McKinnon, P. Kenen, R.E. Baldwin, C. Wyplosz, B.J. Eichengreen, R. Clement, U. Baßeler and others. It is important to add that the description of OCA in this thesis is not exhaustive and it could be studied into further detail. However, that would exceed the scope of this topic.

¹² An open economy can be defined as "(...) market-economy mostly free from trade barriers and where exports and imports form a large percentage of the GDP." (BusinessDictionary, © 2018)

2.4.2. Criteria that facilitate the adjustment to asymmetric shocks

2.4.2.1. *Homogeneity of preferences*

This criterion says that a currency union will be stable as long as the members maintain homogenous preferences towards dealing with asymmetric shocks and there are no conflicts on the political level. (Jennifer Jager, 2013)

2.4.2.2. *Mobility of labor and capital*

As we could see in the example of countries X and Z, asymmetric shocks can have significant impact on unemployment. However, if a currency union has a high degree of labor mobility¹³, the workers can migrate from the depressed regions to prospering regions, thus maintain employment. Additionally, in a market with low trade barriers and a high degree of capital mobility¹⁴, physical goods and money can easily flow from a declining sector into more favorable investments elsewhere. (Jennifer Jager, 2013)

2.4.2.3. *Transfer payments*

Countries that give up their individual monetary policies in order to form an OCA can still use their fiscal policy instruments as means of stabilization. For example, regions depressed by the impact of an asymmetric shock can be subsidized via transfer payments coming from another regions. Along with the mobility of labor and capital and the product market diversification, transfer payments belong to key mechanisms for adjustment to asymmetric shocks. (Jennifer Jager, 2013)

¹³ A high degree labor mobility is achieved if the countries abolish working visas, share the same work requirements, use common language, etc.

¹⁴ The mobility of physical capital is achieved in the absence of tariffs, taxes, or other restrictions imposed by the governments, while the mobility of financial capital is reached with low transaction costs and low exchange rate risk (or simply if there is just one common currency).

3. Economic dimensions of the euro adoption

Now that we have summarized the characteristics of the eurozone and the underlying theory of currency unions, let us look at the situation in the Czech Republic. The key players that form the official economic position of the country towards the euro adoption are the Czech Government and the Czech National Bank (CNB) that together cooperate on creating profound expert studies about the economic situation in the Czech Republic and the eurozone. The main paper outlining the plan of the country to enter the eurozone is **The Czech Republic's Euro-area Accession Strategy**, released in 2003 and revised 4 years later. Every year, this strategy is also being complemented with reports on the **Assessment of the Fulfilment of the Maastricht Convergence Criteria and the Degree of Economic Alignment of the Czech Republic with the Euro Area** that are being made jointly by the CNB and the Czech Ministry of Finance. Moreover, these reports are based on detailed data taken from the **Analyses of the Czech Republic's Current Economic Alignment with the Euro Area** prepared solely by the CNB also on an annual basis.

Another important players are the ECB and the European Commission that provide an external view in this regard. At least every two years, they publish **Convergence Reports** that describe the progress of non-eurozone members in achieving the necessary criteria for the adoption of the euro.

3.1. The Czech Republic's Euro-area Accession Strategies (2003 & 2007)

The initial strategy was released in 2003 and it summarizes the factors of the Czech Republic's involvement in the EMU and describes the positive effects and potential risks associated with adopting a single currency. It also gives a brief history of the EMU, introduces the systems and institutions creating the euro area and describes its legal basis with particular focus on the Maastricht convergence criteria. Its final chapter, in line with the Mundell theory, acknowledges that *"To benefit from the introduction of the euro, the Czech economy must show a high degree of economic convergence, integration and alignment with the euro area. After the loss of independent monetary policy, flexibility and the ability to adjust quickly to economic shocks will be crucial for maintaining the good performance of the Czech economy."* (Czech Government, Czech National Bank, © 2003 - 2018) Finally, the document recommends undergoing the process of introduction 'as soon as economic conditions allow doing so' and the expected date is initially set around 2009 – 2010. (Czech Government, Czech National Bank, © 2003 - 2018)

The 2007 updated strategy, being a revision of the previous document, provides a summary of the preparedness to adopt the single currency in the Czech Republic and other EU states. Regarding the Czech situation, it assesses the development in the preceding three years. Although it shows compliance with majority of the Maastricht criteria, the document particularly points out insufficient value of the government deficit, which was exceeded in 2005 and 2006 because of inadequate implementation of the fiscal reform and large increase

in social expenditure resulting from the pre-election measures. This and other shortcomings, such as low flexibility of the Czech economy and the labor market in particular, structural differences and misalignment of the business cycles, led the CNB and the Ministry of Finance to give repeated recommendations to delay the adoption of the euro. At the end, no new date of the currency changeover was chosen. *“The euro adoption date will therefore depend on resolving these problem areas in a fundamental reform of public finances and on enhancing the flexibility of the Czech economy.”* (Czech Government, Czech National Bank, © 2003 - 2018) Although it has been more than a decade, this strategy has not been reupdated ever since. (Czech Government, Czech National Bank, © 2003 - 2018)

3.1.1. Advantages of the membership in the euro area

The positive effects of the eurozone accession can be viewed from two angles. Firstly, several benefits should stem from various measures and potential structural reforms that must be implemented when fulfilling the Maastricht criteria. When all the necessary conditions are met, the country should reach sustainability in public financing and stability in the financial sector, thus strengthening its overall economy and ensuring long-term growth. (Czech Government, Czech National Bank, © 2003 - 2018)

Secondly, the Czech businesses that already operate with the euro would cease spending on the currency conversion from the euro to Czech Koruna (and vice versa) and decrease expenses used for hedging against exchange rate risk, which would reduce investment uncertainty and enable enhanced strategic planning possibilities on the micro-level. This effect would also increase price transparency, which would positively impact the household sector and stimulate competition. All in all, we can expect that the adoption of the single currency would create a more favorable environment for entrepreneurship, lead to more efficient allocation of resources and subsequently support higher economic growth. (Czech Government, Czech National Bank, © 2003 - 2018) (Parížek, 2011)

3.1.2. Disadvantages of the membership in the euro area

The main risks of adopting the euro would relate to the loss of an autonomous monetary policy, because the country's possibilities to mitigate negative effects emerging from misalignment of economic cycles and structural discrepancies between the Czech Republic and the euro area would be narrowed down. As the Czech economy has a rather one-sided focus of its industry (car manufacture in particular), economic shocks that would occur could have unequal and asymmetric impacts¹⁵. On the other hand, as long as both the Czech and the euro area economies are well aligned, one central monetary policy can suffice. (Czech Government, Czech National Bank, © 2003 - 2018)

¹⁵ Considering a situation where the Czech Republic would be a eurozone member and there was a sudden decrease in demand for cars produced in the EMU, the Czech economy would probably suffer much more than, for instance, the economy of Lithuania, which has a significantly different structure of economy.

3.2. Assessment of the Fulfilment of the Maastricht Convergence Criteria

As the yearly reports on the Assessment of the Fulfilment of the Maastricht Convergence Criteria show, the Czech Republic has already been successfully fulfilling the Maastricht criteria for several years in a row, with the exception of a recent short-term surge in the level of inflation and the ERM II criterion, which was never entered, although it is informally being met as well. Let us now look at the latest 2017 report summarizing the current preparedness of the country towards the adoption of the single currency¹⁶. (Czech Government, Czech National Bank, © 2003 - 2018)

3.2.1. Price stability

The Czech Republic has been fulfilling this criterion since 2013. Due to a significant fall in oil prices, we could see the second lowest inflation rate in the history of the Czech Republic as an independent country in 2015 and it continued to stay low throughout the following year as well. At the end of 2016, however, the inflation rate started to accelerate more rapidly - mainly due to an increase in prices in food, non-alcoholic beverage and accommodation caused by, among others, the introduction of the electronic sales registration system. At the same time, higher inflation is caused by domestic demand pressures caused by increasing economic growth, related low unemployment and fast wage growth. In consequence, the criterion reached its maximum possible value in 2017. According to the forecasts, though, it should be met comfortably in the following years again. (Czech Government, Czech National Bank, © 2003 - 2018)

Table 2 - Harmonized index of consumer prices (average for last 12 months vs. average for previous 12 months as of end of period; growth in %)

	2014	2015	2016	2017	2018	2019	2020
Average of 3 countries with the lowest inflation rate	-0.2	-0.9	-0.8	0.9	1.1	1.3	1.5
Reference value	1.3	0.6	0.7	2.4	2.6	2.8	3.0
Czech Republic	0.4	0.3	0.6	2.4	2.3	1.9	1.7

Source: (Czech Government, Czech National Bank, © 2003 - 2018)

3.2.2. Sound public finances

Regarding the government deficit criterion, the Czech Republic has been recording a surplus since 2016, which results from the overall performance of the economic growth, higher efficiency in combatting tax evasion, financial aid from EU funds, and others. Moreover, the prospects for the future years show that such positive balance should increase even further, presumably due to robust increase in tax revenues in an environment of high economic and

¹⁶ It is important to mention that the 2017 data were taken at the turn of October and November, meaning they might not reflect the whole year average values. Moreover, the 2018, 2019 and 2020 data are forecasts.

wage growth. Therefore, the criterion is expected to be met comfortably. (Czech Government, Czech National Bank, © 2003 - 2018)

Table 3 - Government deficit (as % of GDP)

	2014	2015	2016	2017	2018	2019	2020
Reference value	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
Czech Republic	-1.9	-0.6	0.7	1.1	1.3	1.6	1.7

Source: (Czech Government, Czech National Bank, © 2003 - 2018)

3.2.3. Sustainable public finances

Although the government debt surged significantly between 2009 and 2012, mainly due to the global financial and economic crisis, since 2014 the government debt-to-GDP ratio has been falling gradually and is expected to do so in the future years as well. Moreover, the total government debt in the Czech Republic is lower than the EU average, meaning there should be enough space to avoid reaching the 60% Maastricht limit even in case of another severe economic recession. In the long run, however, this positive trend can be threatened by the adverse fiscal effects of population ageing. In particular, we can expect growing expenditures on the public pension system or the health and long-term care systems. (Czech Government, Czech National Bank, © 2003 - 2018)

Table 4 - Government debt (as % of GDP)

	2014	2015	2016	2017	2018	2019	2020
Reference value	60.0	60.0	60.0	60.0	60.0	60.0	60.0
Czech Republic	42.2	40.0	36.8	34.7	33.1	32.1	30.9

Source: (Czech Government, Czech National Bank, © 2003 - 2018)

3.2.4. Durability of convergence

In the recent years, the long-term interest rates on government bonds in the Czech Republic have been rather low and stable, which reflects the credibility of fiscal policy and overall macroeconomic and financial stability. Despite the fact that the values are expected to increase in the future, there should be no problems fulfilling the criterion. In an environment of subdued inflation and low interest rates across the EU, the yields on Czech government bonds are expected to grow at only a very slow pace. (Czech Government, Czech National Bank, © 2003 - 2018)

Table 5 - Long-term interest rates on government bonds (yields on government bonds with residual maturity of 10 years; 12-month average; in %)

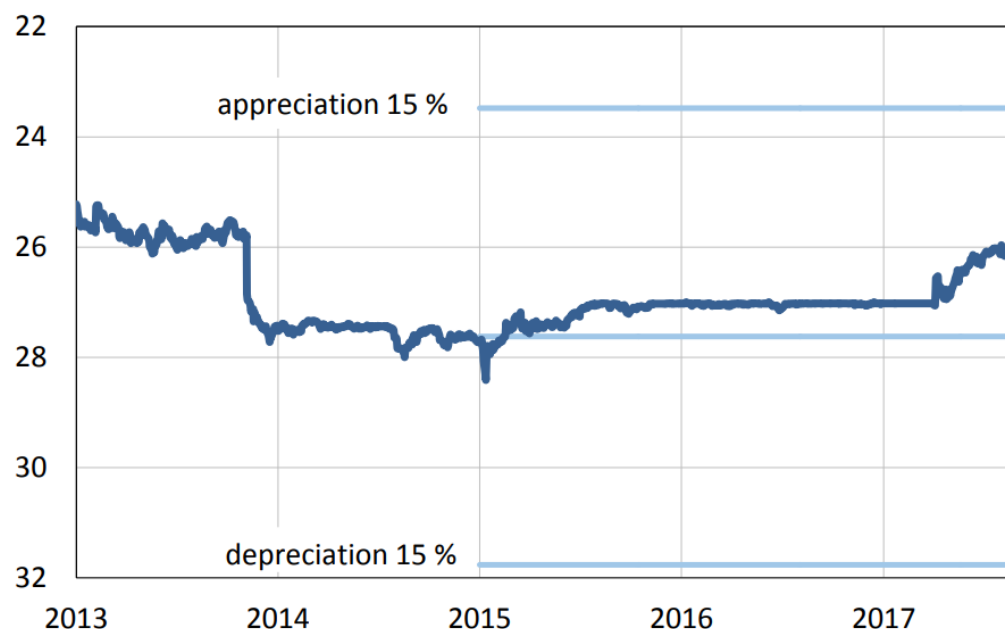
	2014	2015	2016	2017	2018	2019	2020
Average of 3 countries with the lowest inflation rate ¹⁷	1.8	1.8	2.1	2.8	3.4	1.7	3.6
Reference value	3.8	3.8	4.1	4.8	5.4	3.7	5.6
Czech Republic	1.6	0.5	0.4	0.9	1.5	2.0	2.3

Source: (Czech Government, Czech National Bank, © 2003 - 2018)

3.2.5. Exchange rate stability

Assessment of this criterion can only be made on a theoretical level, because the Czech Republic has not yet decided to enter the ERM II. In case of the chart below, we can see the development of the CZK/EUR exchange rate in the period of 2013 – 2017. The hypothetical central parity is set at around CZK 27.5 (the average exchange rate in 2015 Q1) which is the reference value for the allowed fluctuation band of $\pm 15\%$. From November 2013 till April 2017, we can observe a quite significant depreciation of the koruna due to CNB's exchange rate commitment, but during the rest of the selected period it kept its market value of about CZK 25.5 compared to the euro. Even with these fluctuations, it is clear the criterion would have been fulfilled without any difficulties. (Czech Government, Czech National Bank, © 2003 - 2018)

Figure 5 - Nominal CZK/EUR exchange rate



Source: (Czech Government, Czech National Bank, © 2003 - 2018)

¹⁷ The reason why the reference states are chosen based on the inflation rate again is because it is specifically mentioned by law. Article 4 of Protocol No. 13 on the Convergence Criteria specifies that: "(...) a Member State has had an average nominal long-term interest rate that does not exceed by more than two percentage points that of, at most, the three best performing Member States in terms of price stability."

3.3. Degree of Economic Alignment of the Czech Republic with the Euro Area

In the absence of an individual monetary policy as a result of joining the eurozone, the key instrument of macroeconomic stabilization in the Czech Republic would become the fiscal policy and several other adjustment mechanisms. The more these two regions are economically aligned, the less there is need for such mechanisms. As seen below, the Czech Republic has already reached a decent degree of alignment with the euro area, but since there are still shortcomings in several areas, the Ministry of Finance together with the Czech National Bank have always given a negative recommendation towards the euro adoption so far. In order to keep coherence, the characteristics of alignment will be assessed using the structure of Mundell's OCA criteria.¹⁸ (Czech Government, Czech National Bank, © 2003 - 2018)

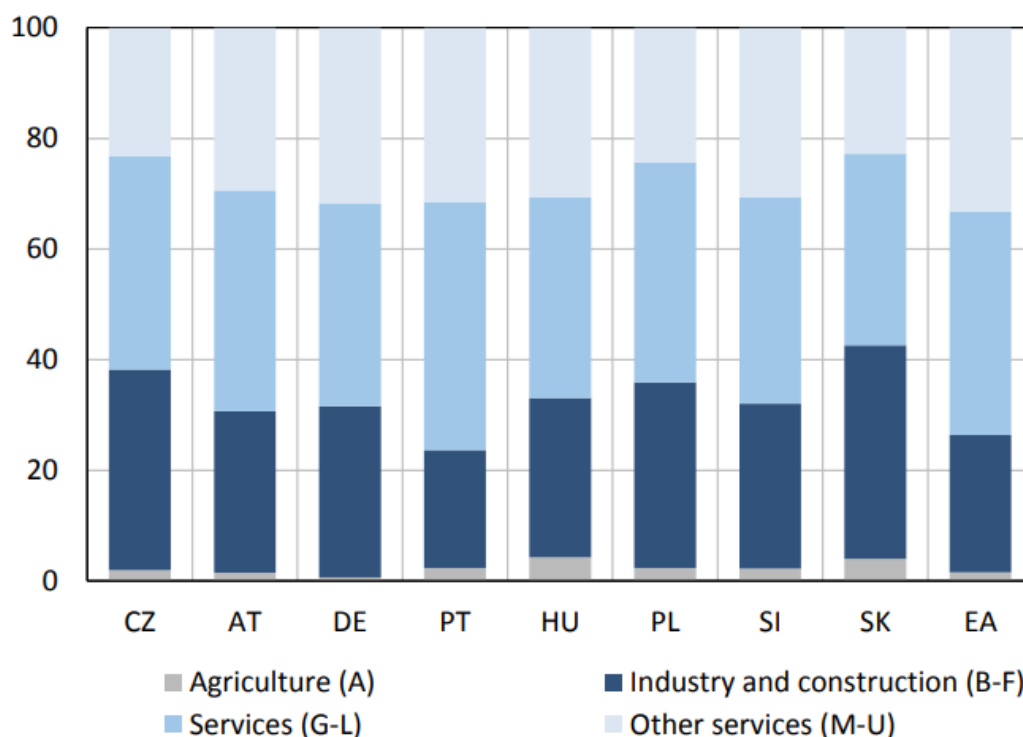
3.3.1. Regions' similarity in economic structure

Looking at the structure of both economies, there are still visible differences consisting in a higher share of industry and lower share of services. Moreover, the ratios have remained more or less unchanged in the past 10 years. It is clear that without further development in this regard, the structural misalignment will continue to pose a threat when the euro is adopted.¹⁹ (Czech Government, Czech National Bank, © 2003 - 2018)

¹⁸ It is important to note that apart from the data mentioned here, the alignment of the Czech and the euro area economies and possible adjustment mechanisms can also be assessed with couple of more indicators, such as the similarity of monetary policy transmission or the shock-absorbing capacity of the banking sector. However, I omit these areas as they are already highly technical and reach beyond the scope of this thesis.

¹⁹ Note: In figure 4, the sectors are broken down by NACE classification: A: agriculture, forestry and fishing; B–F: industry and construction; G–L: services (trade, transport, ICT, financial intermediation, real estate services); M–U: other services.

Figure 7 - Sectoral structure of the economy in 2016 in selected countries (in % of

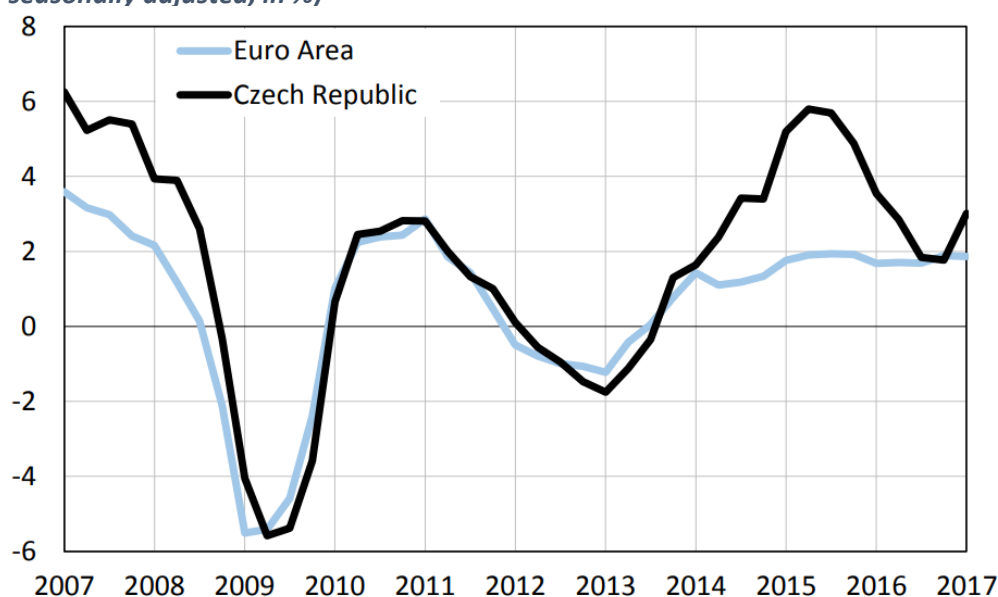


Source: (Czech Government, Czech National Bank, © 2003 - 2018)

As for the business cycles, the CNB and the Ministry of Finance analyses show a sustained high level of alignment between the Czech Republic and the euro area in terms of overall economic activities. One of the indicators the CNB uses to measure this is the real annual GDP growth²⁰, as shown in the chart below. In the past 10 years, the GDP growth in the Czech Republic has more or less shadowed the growth in the eurozone, except the period between 2013 and 2017 which was partly influenced by the CNB exchange rate commitment.

²⁰ Real GDP differs from the nominal GDP by the fact that it is adjusted for inflation.

Figure 9 - Real GDP growth in the Czech Republic and the euro area (year-on-year, seasonally adjusted, in %)



Source: (Czech Government, Czech National Bank, © 2003 - 2018)

When comparing the similarity of two or more regions, it is also relevant to look at the GDP measured in purchasing power parity (PPP), which allows to eliminate the influence of currencies' exchange rates on the prices of goods and consider the actual purchasing power of the population in each region. Except the years that followed after the economic crisis, we can see that the Czech Republic has been continuously converging to the euro area in the past decade.

Table 6 - GDP per capita at purchasing power parity (as % of the euro area average; euro area = 100)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CZ	75.1	77.1	78.6	76.4	77.0	76.8	78.3	81.0	81.8	82.5
AT	113.3	114.4	116.2	116.4	118.4	122.5	122.7	121.4	119.8	119.2
DE	107.0	107.7	107.9	110.9	114.2	115.4	116.1	117.7	116.2	115.9
PL	48.4	51.1	54.9	57.8	60.3	62.5	62.6	63.3	64.3	65.3
SK	61.1	65.5	65.4	69.1	69.1	70.5	71.7	72.4	72.4	72.7

Source: (Czech Government, Czech National Bank, © 2003 - 2018)

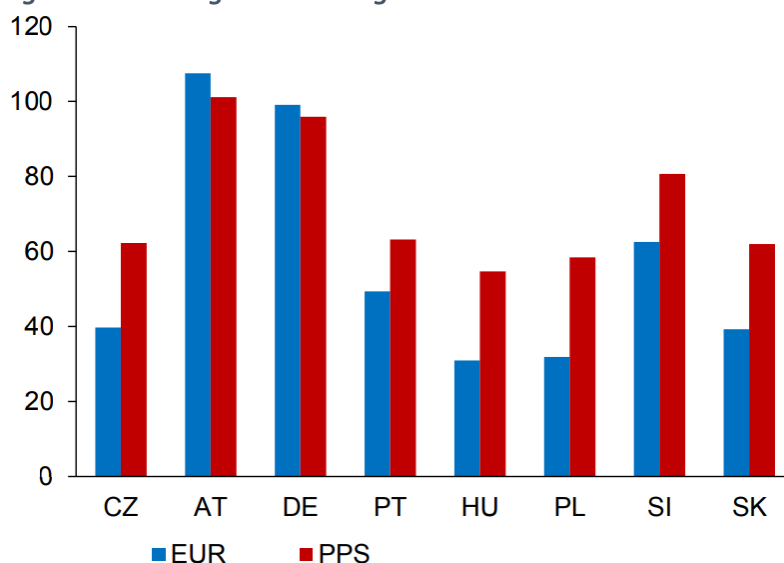
However, it is also equally important to look at the average price level of goods and services produced and also the wage levels, which indicate that there is still a big space for further convergence between the Czech Republic and the euro area. Currently, a Czech consumer is still much better off when buying goods in his domestic market than in Austria, for instance.

Table 7 - Average price level of GDP (as % of the euro area average; euro area = 100)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CZ	62.7	69.2	64.9	68.2	69.6	68.3	65.1	61.3	62.5	63.4
AT	105.8	106.0	106.1	106.3	106.5	105.1	105.4	106.2	106.2	106.2
DE	102.1	101.8	102.0	101.5	101.1	101.7	102.5	102.4	103.1	103.7
PL	59.7	65.1	54.4	57.0	56.0	55.4	55.6	56.1	56.2	53.6
SK	60.2	64.2	64.9	63.3	64.8	65.2	65.0	64.4	64.7	64.9

Source: (Czech Government, Czech National Bank, © 2003 - 2018)

Figure 11 - Average annual wage in 2016 in selected countries

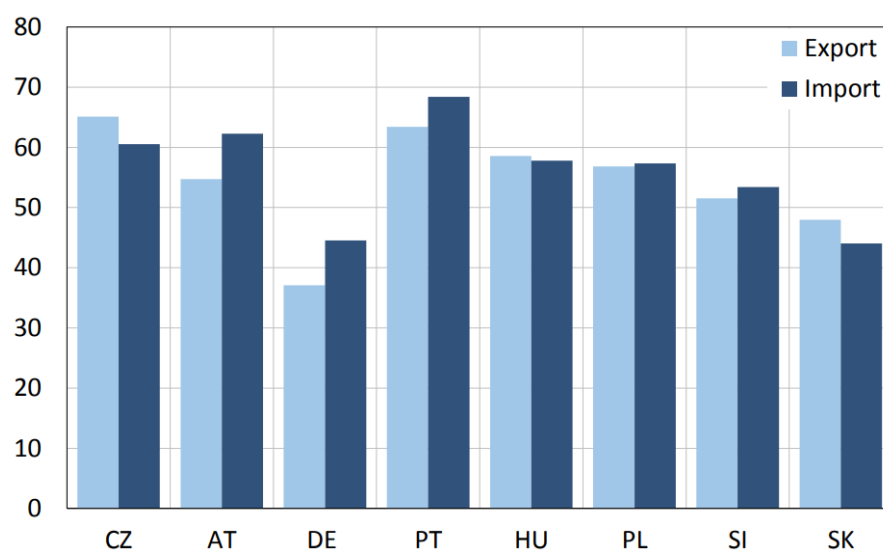


Source: (Czech Government, Czech National Bank, © 2003 - 2018)

3.3.2. Degree of economy openness

The openness of the Czech economy can be translated into the trade and ownership links it maintains with the euro area. The eurozone represents about 67% of Czech exports and 60% of Czech imports, which has long been one of the strongest arguments for adopting the single currency, as it would eliminate exchange rate risk and transaction costs. Moreover, intensive ownership integration between the two regions, as represented by a high level of FDI coming from euro area investors, increases the probability of economic alignment, thus reducing the risks of asymmetric shocks if the single currency were to be adopted. (Czech Government, Czech National Bank, © 2003 - 2018)

Figure 13 - Shares of imports and exports with the euro area in 2017 in selected countries (in % of total imports and exports)



Source: (Czech Government, Czech National Bank, © 2003 - 2018)

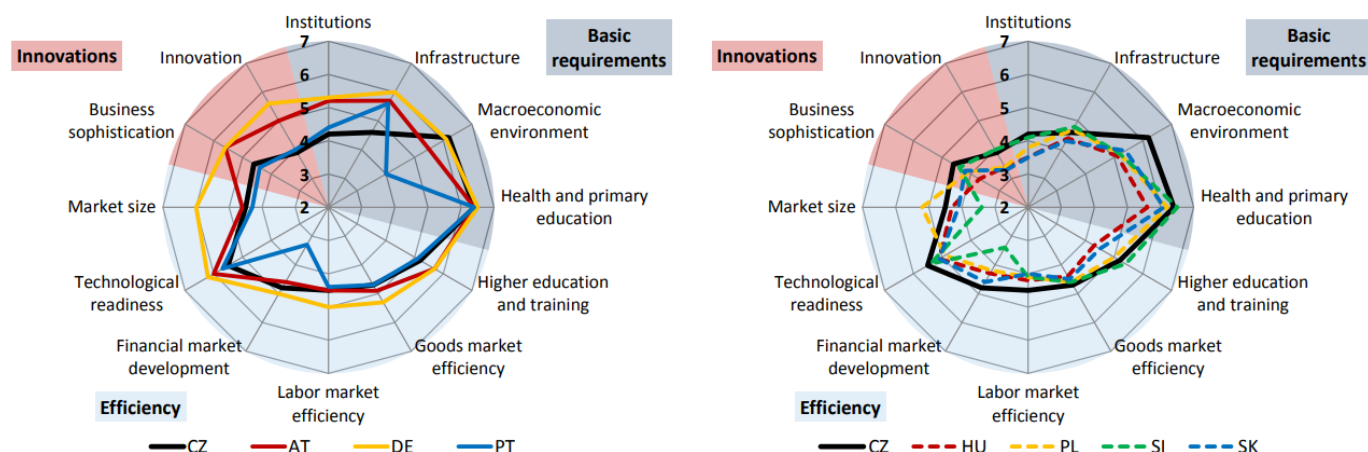
3.3.3. Degree of product diversification

In its studies, the CNB and MF analyze the product market flexibility²¹, measured with the Global Competitiveness Index²². All in all, the Czech Republic's ranking in the area of barriers to growth and competitiveness have been slightly improving throughout the past 10 years, but there are still visible shortcomings negatively affecting the business environment and thus the product market flexibility as such. As shown in the chart below, the score on the overall macroeconomic environment is competitive, but other areas, such as the quality of infrastructure and institutions (enforceability of law, regulatory environment, etc.), pace of innovation (availability of scientists and engineers, company spending on R&D, etc.), market size or business sophistication (quality and quantity of local suppliers, etc.), remain a weakness. (Czech Government, Czech National Bank, © 2003 - 2018) (Klaus Schwab, 2017)

²¹ Unlike the Intereconomics journal, The CNB and MF analyses categorizes product market flexibility as an adjustment mechanism, so technically it would belong to the second group of OCA criteria. In order to make a coherent structure, however, I decided to keep it here.

²² Note: The Global Competitiveness Index evaluates countries' competitiveness by means of scores in 12 pillars grouped into three categories (basic requirements, innovation and efficiency). The index takes values in the range of 1–7, with a higher index value meaning higher competitiveness.

Figure 15 - Global Competitiveness Index in selected countries in 2017 - 2018



Source: (Klaus Schwab, 2017)

In order to further look at product diversification in particular, we can analyze the main areas of production of Czech firms. The economy has long been dominated by the vehicle industry, which is why cars and vehicle parts account for more than 1/4 of all the manufacturing industry and 20% of total exports. Other key sectors are, for instance, the production of computers and electronic devices, production of plastic materials, and foodstuffs industry, each of them accounting for about 6,5 - 8,4% of the total manufacturing industry. A shock that negatively influences some of these industries – and especially the car industry – can therefore have a severe impact on the overall performance of the Czech economy. (Ministerstvo průmyslu a obchodu, 2018)

3.3.4. Homogeneity of preferences

There are no particular references to this criterion in the CNB and MF analyses. However, the practical part clearly shows that the preferences of the Czech political parties towards dealing with asymmetric shocks and the euro adoption in general are largely heterogeneous, which is one of the main reasons why the Czech Republic cannot come to an agreement regarding the eurozone membership.

3.3.5. Mobility of labor and capital

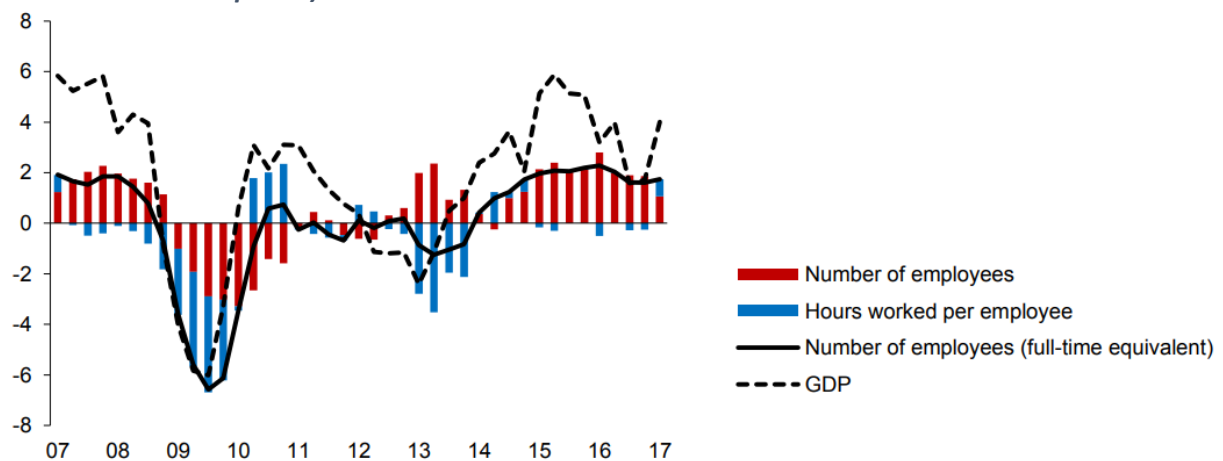
As regards labor mobility (flexibility²³), there are many ways how it can be measured. Generally, the Czech labor market has lately been in a good condition and experiences one of the lowest long-term unemployment rates²⁴ in the EU (1.7% in 2016), which indicates high utilization of the economic potential of the country's workforce. Among others, high employment has been positively influenced by enhanced use of shorter working hours, which

²³ As referred to by the CNB and the Czech Ministry of Finance.

²⁴ According to the methodology used by CNB, long-term unemployment includes people unemployed for 12 months and longer.

indicates the ability to adjust to negative asymmetric shocks (such as falling demand for labor) and is a good sign of labor market flexibility. As shown in the graph below, this trend could be clearly seen during the economic recession in 2012 and 2013, when the total number of employees grew, but hours worked per employee decreased. (Czech Government, Czech National Bank, © 2003 - 2018)

Figure 17 - Average hours worked per employee in the Czech Republic (annual % changes, contributions in % points)



Source: (Czech Government, Czech National Bank, © 2003 - 2018)

Regarding structural unemployment, which can be another sign of labor market inflexibility, the Czech Republic ranks among countries with the lowest structural unemployment rates (measured in Western EU countries)²⁵. However, problems might occur in case there is increased need for the migration of the workforce, both on national and international level. In this regard, the Czech Republic does well compared to Poland, for example, but still falls behind more developed countries like Austria or Germany. Generally, we can conclude that Czech people show rather low willingness to move in search of employment. According to estimations from 2015, around 114 000 Czechs were working in other EU countries. (Aktuálně.cz, 2017) (Czech Government, Czech National Bank, © 2003 - 2018)

²⁵ Measured with the NAIRU (non-accelerating inflation rate of unemployment) metric used in the CNB 2017 analysis.

Table 8 - Internal migration (as % of the population that changed permanent residence in the respective year)²⁶

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 ²⁷
CZ	2.5	2.4	2.2	2.3	2.2	2.2	2.2	2.3	2.3	-
AT	3.7	3.8	3.7	3.7	3.8	3.9	3.9	0.4	4.3	4.4
DE	4.4	4.4	4.4	4.4	4.7	4.7	4.8	4.9	5.3	-
PL	1.3	1.1	1.1	1.1	1.1	1.0	1.0	1.1	1.0	-
SK	1.7	1.7	1.5	1.6	1.6	1.5	1.6	1.6	1.7	1.8

Source: (Czech Government, Czech National Bank, © 2003 - 2018)

Table 9 - Share of foreign nationals in the country (as % of total population, permanent residence of 12 months and longer)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CZ	2.9	3.3	3.9	4.0	4.0	4.0	4.0	4.1	4.3	4.5
AT	9.6	9.9	10.2	10.5	10.8	11.2	11.8	12.4	13.2	14.4
DE	8.8	8.8	8.8	8.7	7.6	7.9	8.3	8.7	9.3	10.5
PL	0.1	0.2	-	0.2	0.2	0.2	0.2	0.3	0.3	0.4
SK	0.6	0.8	1.1	1.2	1.3	1.3	1.3	1.1	1.1	1.2

Source: (Czech Government, Czech National Bank, © 2003 - 2018)

Another important factor affecting labor market flexibility is the institutional set-up in the country, such as the level of minimum wage. In the Czech Republic, the ratio of the minimum to the average wage has recently reached its long-term peak at 38.6 %²⁸, after repeated increases of the minimum wage by the government. As the country currently goes through economic conjuncture, this ratio seems to be harmless. But in case of an asymmetric shock, too high minimum wage may lead to a reduction of demand for labor force and increase unemployment in case firms need to reduce costs. (Czech Government, Czech National Bank, © 2003 - 2018)

Concerning capital mobility, the Czech analyses do not give any particular references in this matter. To some extent, however, we can and derive the criteria on capital mobility by looking at potential trade and entrepreneurial barriers using the Ease of Doing Business Index published by the World Bank, which evaluates the conditions for various business activities in a total of 190 countries worldwide. The Czech Republic shows an excellent score in 'Trading

²⁶ The calculations do not take into account the differences in the sizes of territorial units. Therefore, it is important to realize that this particular measure may not fully express the ability/inability of the workforce to flexibly react to asymmetric shocks. In a rather small country, such as the Czech Republic, people may react to negative shocks by switching their jobs and commuting to work longer without necessarily changing their residence.

²⁷ Data for 2016 in the Czech Republic, Germany and Poland were unavailable at the time of the CNB 2017 analysis.

²⁸ Own calculation: minimum wage = CZK 12200 (since 01/01/2018), average wage = CZK 31646 (January 2018)

Across Borders' (costs and time to export and import) and it ranks as the 30th best performing country worldwide and 20th of all OECD countries. Nevertheless, there are particular shortcomings in 'Enforcing Contracts' (long time and high costs of claim collection), 'Starting a Business' (it takes almost 1 month to set up a firm), and especially 'Dealing with Construction Permits' (the total time to get a permission for building a warehouse takes 246 days within 21 different procedures). After entering the eurozone, these factors could clearly reduce the flexibility of entrepreneurs when reacting to asymmetric shocks. (The World Bank, © 2018)

3.3.6. Transfer payments

Transfer payments can serve as an important adjustment mechanism as part of the fiscal policy, in case a country loses its monetary policy. In the context of the Czech Republic, fiscal policy brought its desired effect when the government adopted necessary countercyclical²⁹ measures after the start of the financial crisis in 2009. By contrast, it was followed with significant fiscal consolidation procedure and an economic downturn in 2012 and 2013, when the general government debt reached its long-term maximum of 45.7%. In the next years, however, these restrictive measures together with investments co-financed by the EU funds contributed to a recovery of the economy and higher growth. As the study on the Assessment of the Fulfilment of the Maastricht Criteria shows (chapter 3.2.), the future prospects on the Czech fiscal position are generally positive and indicate stable and sustained results. On the other hand, apart from less predictable issues, the position might be eventually threatened by the problem of population ageing in the very long run. (Czech Government, Czech National Bank, © 2003 - 2018)

Table 10 - Age-related government expenditures (in % of GDP)

	pensions		healthcare		Long-term care		total	
	2013	2060	2013	2060	2013	2060	2013	2060
Government expenditure	9.0	9.7	5.7	6.7	0.7	1.4	15.4	17.8

Source: (Czech Government, Czech National Bank, © 2003 - 2018)

Additionally, the Czech Republic has a relatively high share of mandatory costs in the total budgetary expenditures. That may limit the operational flexibility in case of unexpected events and thus poses another potential risk as regards fiscal policy.

²⁹ A countercyclical fiscal policy deals with lower/higher budgetary expenditures and higher/lower tax rates in the periods of economic boom/recession.

Table 11 - Shares of mandatory expenditure in total state budget expenditure (in %)

	2007	2011	2012	2013	2014	2015	2016	2017 ³⁰	2018
Shares of mandatory expenditure	50.8	56.5	56.7	57.2	56.5	53.0	56.6	55.3	56.4

Source: (Czech Government, Czech National Bank, © 2003 - 2018)

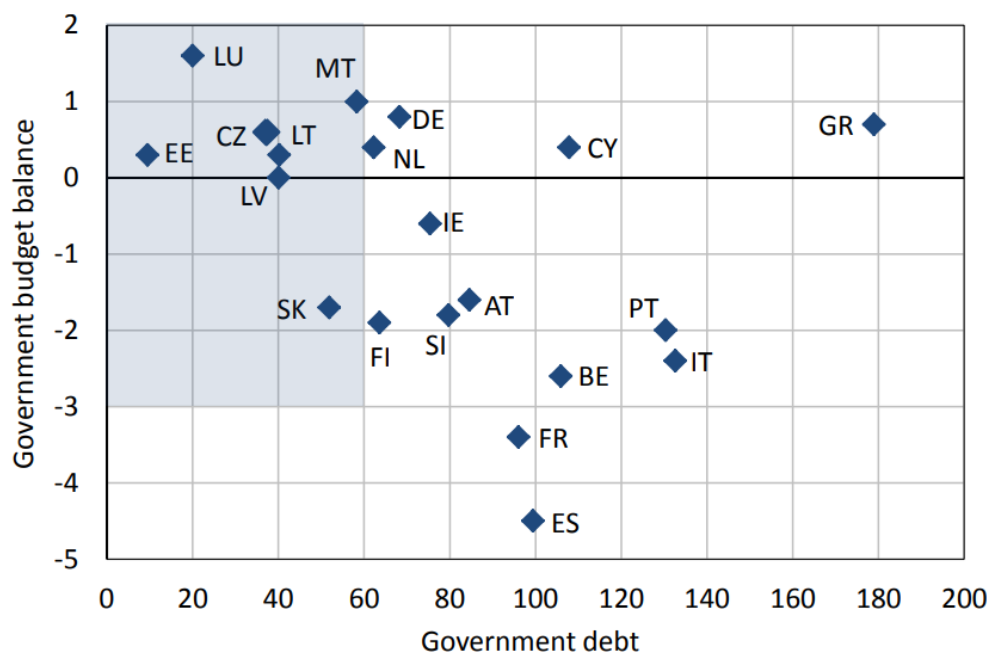
Speaking of transfer payments, it is also relevant to mention the European Stability Mechanism (ESM), which is an international financial institution established by the eurozone countries with the aim to provide financial assistance to members that find themselves in a severe financial distress. In the past, loans via the ESM and the European Financial Stability Facility (EFSF, the predecessor of ESM) were granted to Portugal, Spain, Cyprus, Ireland and Greece, which received the largest sovereign assistance package in history. The Czech Republic would join the ESM in case it entered the euro area.

3.4. Situation in the eurozone

Before I move on to other arguments that take place in the debate on the euro adoption, it is also relevant to refer shortly about the development in the euro area as such. After the financial crisis in 2008, the situation across Europe has more or less stabilized and economic growth has gained on momentum again. In many countries, however, there are still significant structural problems, high level of unemployment and heavy indebtedness in both public and private sector. While Northern European states have principally been showing positive economic development since the end of the crisis, the countries on the southern periphery are still experiencing difficulties. Although the situation has been gradually improving, the unemployment rate in Greece and Spain is still between 14 – 20%, while in the youth category it is 33 – 38%. Below, we can see the fiscal position in the eurozone and the Czech Republic. The dark box clearly shows that only minority of the countries currently abide to the Maastricht criteria of Sound and Sustainable public finances. (Czech Government, Czech National Bank, © 2003 - 2018)

³⁰ Data from 2017 and 2018 are based on predictions of MF and CNB.

Figure 19 - Fiscal positions in the euro area and the euro area and the Czech Republic in 2016 (in % of GDP)



Source: (Czech Government, Czech National Bank, © 2003 - 2018)

4. Political dimensions of the euro adoption

Judging from the attitude of the CNB and the Czech Ministry of Finance, we might presume that the decision to accept or postpone the introduction of the single currency is primarily based on rational economic thinking. In his research, however, Parízek found out that the views on the euro among the two major political parties in the Czech Republic seem to be contradictory to the political values they stand for. Based on the traditional left-right political spectrum, he presumed two conditions.

Firstly, assuming that the left-wing electorate is composed of relatively older and less educated people, who have relatively low savings and are generally more dependent on social welfare systems³¹, the left-wing political parties can be expected to prefer delaying EMU accession. It is because fulfilling the Maastricht criteria is connected with “political costs” that require reduction in public spending (stringent government deficit and debt criteria) and generate pressure on governments’ welfare mechanisms, thus going against the interests of the leftist electorate. Moreover, as explained in the theory of optimum currency areas, fast accession to the EMU without sufficient alignment of Czech and eurozone economies can result in decreases in wages and raises of unemployment level, as a consequence of asymmetric shocks. In such case, we can expect that less educated and less skilled workers would again be the first social group to suffer. (Parízek, 2011)

On the contrary, right-wing electorate is generally assumed to be composed of relatively more educated and wealthier people, who are more economically active, prefer liberalization of trade and often engage in entrepreneurship, thus having better prerequisites to face unexpected challenges. In that case, right-wing political parties are expected to pursue fast adoption of the euro, as it improves the conditions for both domestic and international trade (low long-term interest rates, higher price transparency, decreased transaction costs and lower currency exchange risk) and possibly brings stability to the whole economy thanks to responsible public financing and low inflation level. (Parízek, 2011)

What is interesting, however, is that the reality on the Czech political scene in the past decade was exactly the opposite. Between 2004 - 2010, the traditionally left-wing Czech Social Democratic party (ČSSD) had always been supporting the idea of euro adoption, while the traditionally right-wing Civic Democratic Party (ODS) had always been proposing a postponement. Parízek therefore concluded that rather than by the economic arguments, the opinion on the eurozone accession was reflected by the parties’ political attitude towards the EU integration, as ODS appeared as Eurosceptic and ČSSD as pro-integrationist. (Parízek, 2011) Although the premises which led to this conclusion might seem rather simplified and black

³¹ Indeed, if we look at the election models, it applies to a certain extent. In recent surveys, traditionally left-wing ČSSD and KSČM parties would reach 22% within voters with elementary education, while just 7.5% among people with university education. Considering salaries, the same parties would gain 16% within unemployed/low-income voters and 29% within pensioners, but only 7% within high-income voters and 4% among entrepreneurs. (Median, 2018)

and white, the outcome can certainly tell us something about how the political parties form their positions on the euro and suggests that it is not always based on rational economic thinking, but also on political views on the European Union as such.

The political dimensions were present in the euro since the beginning. Speaking of the creation of the monetary union in 1992, we might ask whether it was rather aiming to achieve better economic stability and growth, or whether it was pursuing the Union's political goals - deepening the countries' integration and creating common European values. Certainly, a bit of both were involved. While scholars like Andrew Moravcsik or Jeffry Frieden tend to believe that the establishment of EMU was an act driven by economic rationality and particular economic interests, Kenneth Dyson or Martin Feldstein, for instance, think the exact opposite. Two years before the euro came into existence, Feldstein was even confident that: *"What is clear (...) is that the decision [whether or not to proceed to the last stage of the EMU] will not depend on the economic advantages and disadvantages of a single currency. The decision of whether or not to form a monetary union will reflect deeply held political views about the appropriate future for Europe and about the political advantages and disadvantages to the individual countries and even to the individual political decision makers themselves."* (Parížek, 2011)

Interestingly enough, Feldstein's idea once again gained relevance last year, when some leading EU politicians signalized the political importance of the eurozone by raising the idea of the so-called "two-speed Europe". In this scenario, the EU would divide into two blocks – the first group of countries would pursue further integration and move ahead on key policies, while the rest would stay behind and retain the current status. As we can see from the expressions of the politicians, the division line between both blocks would most likely be the euro area. Currently, there is no consensus among political elites on whether to follow this scenario or not, but if it came true, we can assume that the Czech Republic would gain a stronger political position within the EU if it adopted the euro. (Grant, 2017)

All in all, we can see that the political aspect is strongly present in the debate around the euro, both on the EU international level as well as on the domestic level. Furthermore, politics is inherently involved in the debate about the euro simply because the decision to proceed with the currency changeover is ultimately made by the government and its political garniture in each member state. As will be shown in the practical part of the thesis, some political parties in the Czech Republic favor the euro and take the obligation to adopt it for granted, while some parties would rather negotiate an opt-out or organize a referendum in which the citizens would decide, similarly as it was done in Sweden. (Electoral Geography, © 2007)

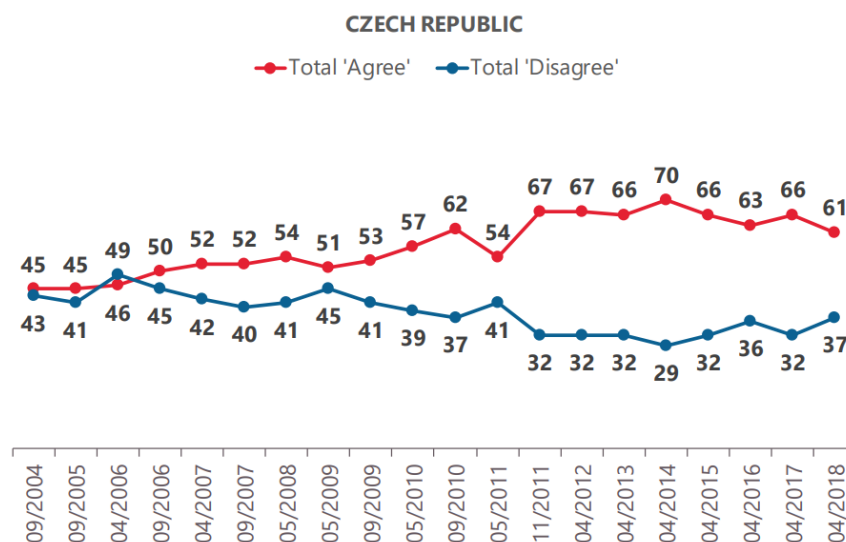
5. Sociocultural dimensions of the euro adoption

In the 1990s, scholars of the Copenhagen School of security studies came up with the concept of societal security, which refers to the *“the ability of a society to persist in its essential character under changing conditions and possible or actual threats”* (Weissová, 2004). In particular, a society’s security might be endangered if it fails to retain its traditional linguistic models, culture, religion, national identity and customs. (Weissová, 2004)

In line with this wider concept, the last perspective builds upon the idea that an individual currency is an important part of national identity, meaning that the adoption of the euro can be perceived as giving up part of the country’s unique culture and sovereignty. Some scholars distinguish between the so-called exclusive and inclusive identity and conclude that: *“Citizens who have an exclusive identity, who strongly identify with their national community, show a higher level of opposition to European integration than individuals who have an inclusive identity or multiple identities, who perceive themselves for example, as Catalan, Spanish and European.”* (Miriam S. Allam, 2008)

In the context of the Czech Republic, we can assume the citizens have a rather exclusive identity and oppose deeper European integration. In the Eurobarometer polls from spring 2018, 58% of Czechs said they disagree with the statement that “more decisions should be taken at EU level”. (European Commission, 2018) Moreover, the majority of the citizens agree that the euro takes away part of their identity, as shown in the chart below.

Figure 21 - Adopting the euro will mean that the Czech Republic will lose a part of its identity



Source: (European Commission, 2018)

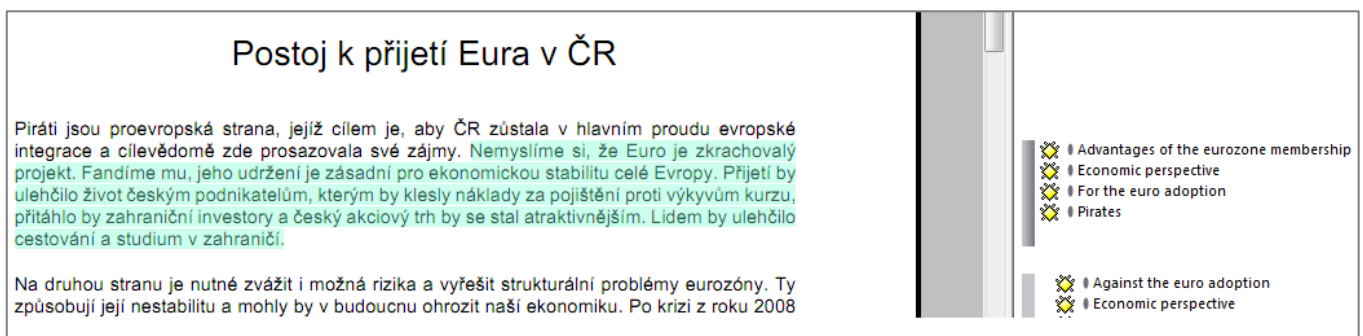
6. ATLAS.ti

As mentioned in chapter 1 (Methodology), the second part of the thesis was done using the ATLAS.ti software. As a tool for performing a qualitative content analysis, the program is based on identifying **quotations** and creating **codes** that are assigned to these quotations based on their content, with the aim to find links, differences, similarities, etc., between the researched data. Both the quotations and the codes are identified and created according to the researcher's own preferences, depending on the characteristics of the analysis he or she is doing.

In my research, **quotations** can be understood as statements and arguments of different politicians (or political parties as a whole, if no particular author can be recognized) referring to the topic of the euro adoption. When analyzing a newspaper interview, for instance, I consider 1 "quotation unit" to be an answer to a question asked from a journalist to a politician. The length usually reaches from 2 – 5 sentences, but the main condition is that a quotation has to be a clear and compact message, which can be assigned with one or more codes.

The **codes** serve to name and categorize each quotation based on its content. The number of codes along each statement differs, but at least one code has to be assigned to each quotation. For a better visualization, see the picture below. The text highlighted with blue color represents 1 quotation and it is accompanied with 4 different codes.

Figure 23 - Sample quotation from the political program of the Pirate party



Source: Own creation.

When all quotations are selected and all codes are assigned, the software allows to extract a table which depicts co-occurrence of all the used codes and thus enables to find links and meanings between them. Based on the dimensions of arguments outlined in the theoretical part and the findings in the research part, I created tens of different codes as follows:

- **Economic dimension of the euro adoption**

This code has a general meaning and usually contains additional sub-codes. It is assigned to any quotation that represents a politician's (or a political party's) view on the euro adoption

from an economic perspective. Following the structure from the first part, I created a number of economic sub-codes that, if applicable, specify the details of each quotation.

- **OCA** – any reference to the theory of Optimum Currency Areas as defined by Robert Mundell and his successors
- **Euro area accession strategy**
 - **Advantages of the eurozone membership** – any reference to the advantages and benefits that the euro area membership would bring to the Czech economy
 - **Disadvantages of the eurozone membership** – any reference to the disadvantages and shortcomings that the euro area membership would bring to the Czech economy
- **Maastricht criteria** – any reference to the Maastricht convergence criteria, its fulfillment or default, etc.
 - **Price stability** – any reference to the criterion on price stability
 - **Sound public finances** – any reference to the government deficit criterion
 - **Sustainable public finances** – any reference to the government debt criterion
 - **Durability of convergence** – any reference to the criterion on the long-term interest rate values
 - **Exchange rate stability** – any reference to the stability of the Czech koruna and the euro, participation in the ERM II, etc.
- **Degree of the alignment of the Czech and eurozone economies³²**
 - **Region's similarity/differences in economic structure** – any reference to the similarity or differences in economic structure between the Czech Republic and the euro area
 - **Degree of economy openness** – any reference to the openness of the Czech economy, exports and imports towards the eurozone and the EU as such
 - **Degree of product diversification** – any reference to the product diversification in the Czech economy, product market flexibility, competitiveness, etc.
 - **Mobility of labor and capital** – any reference to the mobility and flexibility of the Czech labor and capital markets
 - **Transfer payments** – any reference to transfer payments as a fiscal policy adjustment mechanism, as well as a reference to the European Stability Mechanism (ESM)
- **Situation in the eurozone** – any reference to the economic situation in any of the eurozone countries

³² Some readers might notice that the list in this category lacks the “homogeneity of preferences”. The reason is that it would not make any sense to create a code like this. Rather, the homogeneity/heterogeneity of preferences depicted with figures in chapter 7.

- **Political dimensions of the euro adoption**

Having a general meaning as well as the “economic dimensions”, this code is assigned to any quotation that represents a politician’s (or a political party’s) view on the euro adoption from the political perspective. Moreover, the following sub-codes were created:

- **Two-speed Europe** – any reference towards different levels of integration in the EU, considering that the eurozone represents the division line
- **Referendum** – any reference towards the possibility to organize a referendum on the adoption/rejection of the euro in the Czech Republic
- **Obligation to adopt the euro** – any reference to the acknowledgement of the obligation to adopt the euro in the Czech Republic, which arose from the accession to the EU in 2004, without regard to economic circumstances (the code is in contraposition towards the “referendum” code)
- **Politicization of the eurozone** – any reference to the opinion that the euro serves as a means to promoting EU’s political goals and deepening political integration

- **Socio-cultural perspective**

This code once again has a general meaning and is assigned to any quotation that represents a politician’s (or a political party’s) view on the euro adoption from the socio-cultural perspective. Two clear sub-codes could be identified.

- **Identity** – any reference to a situation where the euro impacts the identity of the society where it is adopted
- **Security** – any reference to a situation where the euro is seen as something that threatens the security in the society where it is adopted

Furthermore, I created codes that were assigned to clearly positive or clearly negative opinions towards the euro adoption, in order to better identify each party’s position in this regard.

- **“FOR” the euro adoption** – this code was assigned to a quotation which showed clear support towards the euro adoption (such as *“We want to adopt the euro because...”*)
- **“AGAINST” the euro adoption** – assigned to a quotation which showed clear opposition towards the euro adoption (such as *“We do not want to adopt the euro because...”*)

If a quotation was assigned with neither of these codes, it was considered to be neutral towards the euro adoption, such as statements that referred to objective numerical data without putting in any additional emotions.

Apart from the above mentioned, I also created party affiliation codes (ANO, ODS, Pirates, SPD, KSČM, ČSSD, KDU-ČSL, TOP 09, STAN) in order to mark the author of each quotation. In cases where the author was a specific person (interviews, debates, etc.), I also assigned the respective quotations with name tags.

All in all, out of 91 media sources, I extracted 395 different quotations, which were assigned and categorized with a total of 88 different codes based on the content. It is important to add that the number of quotations per political party differs quite significantly, depending on the availability of data. Some parties view the euro adoption as an important topic and thus speak about it quite extensively, no matter whether in a positive or negative way, while some parties do not show big interest in the topic and thus provide much less quotations. Moreover, some parties are composed of a number of economic experts that can have different opinions on the euro, while other parties have one dominant politician who forms the opinion of the whole party. Therefore, rather than listing all quotations of all authors, I will approach each party individually, look for its majority opinion on the euro and summarize it in a comprehensive way.

Generally, I aimed to collect at least 20 – 30 quotations per each party, which was accomplished with the exception of STAN³³. Below, I show the overview of the number of quotations and the number of sources used.

Table 12 - Number of quotations and number of sources used per each political party

	ANO	ODS	Pirates	SPD	KSČM	ČSSD	KDU-ČSL	TOP 09	STAN
Quotations	47	49	26	51	66	64	22	55	16
Sources	20	14	5	27	10	18	10	17	10

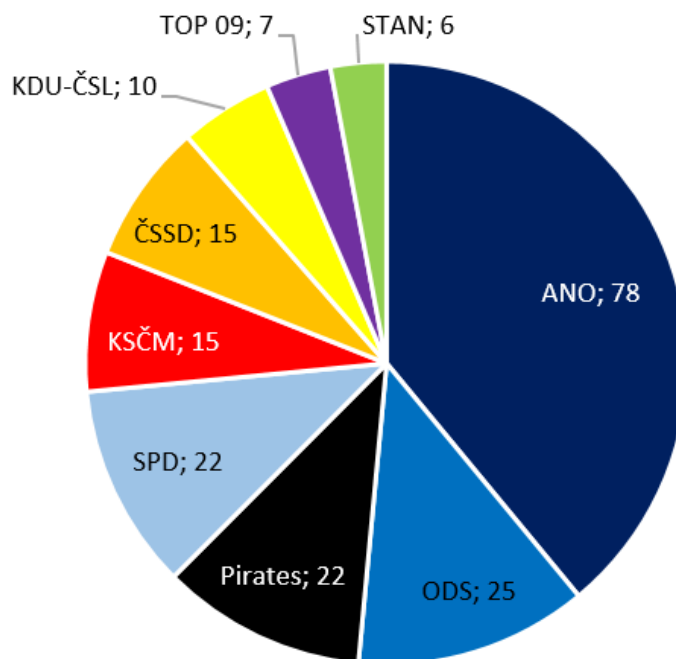
Source: Own creation.

³³ As shown in chapter 7.9, STAN's position towards the euro adoption is very consistent among all researched politicians over the years and thus 16 quotations should still suffice to be able to draw a conclusion about the party's argumentation.

7. Researched political parties

As already mentioned, there are currently 9 political parties sitting in the Chamber of Deputies of the Czech parliament. The latest elections were held on October 20 – 21 and the attendance reached less than 61% of all eligible voters. Below, see the composition of the Deputies' Chamber by party affiliation. (Český Rozhlas, 2017)

Figure 25 - Czech Chamber of Deputies by party affiliation (calculated as the nr. of deputies per each party)



Source: (Český Rozhlas, 2017), own creation.

In order to sufficiently analyze the argumentation of each political party regarding the euro adoption, I look at three different levels. First, I determine **each party's opinion** on the single currency in terms of favoring, opposing or being neutral to its adoption, and I depict the proportion of its **quotations by the dimension of argumentation** (economic, political or socio-cultural). Next, I show the frequency of use of each party's **concrete arguments** in order to wrap up its overall position on the euro.

7.1. ANO (Action of Dissatisfied Citizens)

The ANO political party is led by Andrej Babiš, an entrepreneur and billionaire of Slovak origins, who became the Czech Republic's prime minister after the elections in 2017. It was founded in 2012 after a series of Babiš's public speeches aimed at criticizing bad conditions of the society and corruption. Rather than a political party, ANO identifies itself as a political

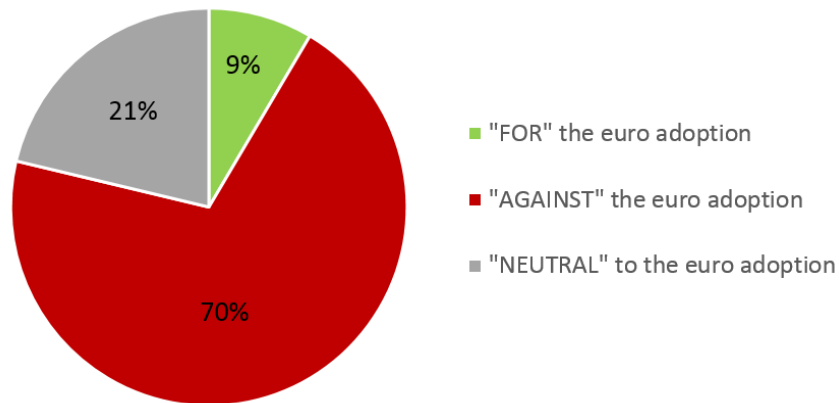
movement and its abbreviated name stands for the Action of Dissatisfied Citizens. Generally, it addresses voters that are dissatisfied with the so-called “political establishment”. In the domestic politics, it sometimes appears as slightly Eurosceptic, but in the European Parliament it surprisingly belongs to the liberal and pro-European Alliance of Liberals and Democrats for Europe (ALDE).

In its first ever parliamentary elections, ANO received 18,65% of votes and four years later it strengthened to 29.64%, receiving a total of 78 deputies. (Wikipedia, 2018) In the past years, Andrej Babiš has also been strongly criticized by the political opposition and part of the public for his own corruption affairs, such as financial fraud due to unauthorized collection of EU financial funds for his own company, for which he is currently being prosecuted by the Czech police. (Řápek, 2017) Yet still, ANO’s position is still very strong and some election models currently predict that the movement would even strengthen further to circa 36%. Therefore, we can expect that its opinion on the euro adoption can have a strong impact on the Czech citizens.

As regards ANO’s arguments regarding the single currency, we can say the movement pretty much consistently opposes the adoption. The strongest voice comes from the chairman Andrej Babiš, the author of the majority of ANO’s quotations. Before becoming the Prime Minister, he served as a Minister of Finance and thus often publicly spoke about the topic. Although in the first years in politics Babiš showed interest in an open discussion, later he became unambiguously opposed to the possibility of losing the Czech currency. In 2015, ANO’s Facebook profile published Babiš’s statement saying that: *“It is clear that we will not adopt the euro anytime soon, but let’s already speak about the advantages and disadvantages. (...) It would be good to organize a testing civil referendum as part of the parliamentary elections in 2017, for instance. It would represent the opinion of people and would not cost almost any money.”* (Babiš, 2015) Two years later in a pre-election debate, however, Babiš said: *“No euro. I don’t want the euro. We don’t want the euro. Everyone knows that it is bankrupt. It is about our sovereignty. I want the Czech koruna and an independent central bank. I don’t want another thing that will be interfered by Brussels.”* (Ekonom Ilned, 2017)

Of all the reviewed quotations, 70% clearly argued against the adoption of the euro. One of few voices that spoke for the adoption came from Věra Jourová, ANO’s European Commissioner for Justice, Consumers and Gender Equality, who not only sees disadvantages of the euro, but also argues that there are potential political benefits in being a member of the eurozone.

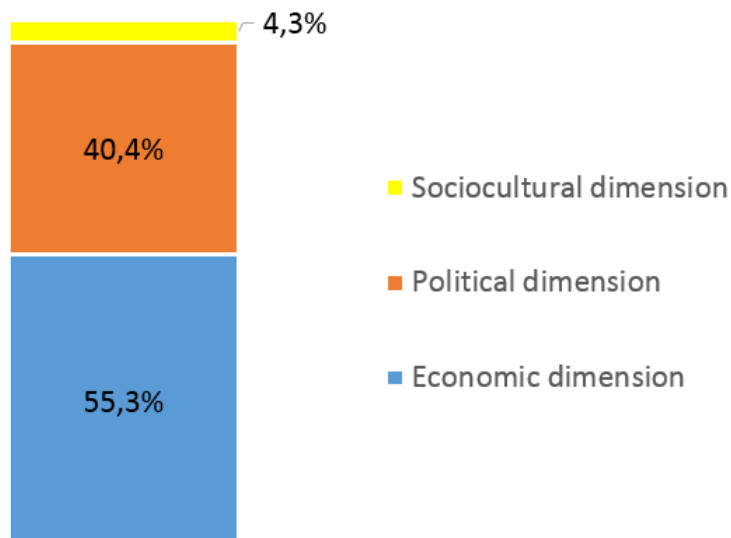
Figure 27 - Composition of ANO's quotations that speak "FOR" or "AGAINST" the euro adoption, or that are "NEUTRAL" to it (as a % of total ANO's quotations)



Source: Own creation.

Moreover, let us take a look at how ANO rationalizes its arguments. In the next chart, we can see that the movement looks at the euro adoption almost equally from both political and economic perspective, almost disregarding the sociocultural dimensions.

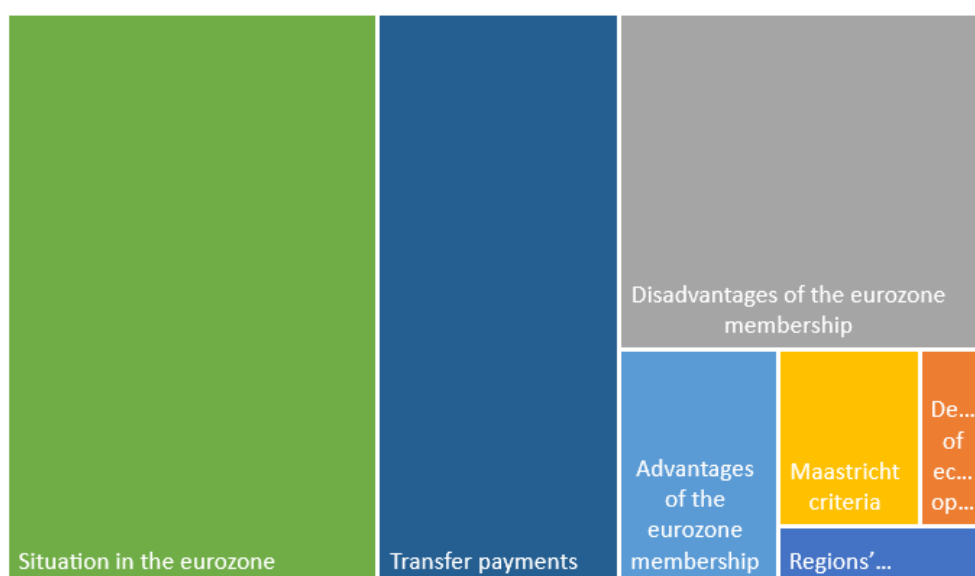
Figure 29 - Composition of ANO's quotations by the dimension of its argumentation (as % of total ANO's quotations)



Source: Own creation.

When arguing about the euro in economic terms, ANO's representatives raise three recurrent issues. Firstly, they perceive the disadvantages that the euro would bring to be significantly more important than the advantages. When Blesk newspaper asked Babiš what he thinks about the euro adoption in June 2017, he replied: *"We need an independent Czech National Bank and thus I am glad we have the Czech koruna. If the situation went bad, we can always use the exchange rate as part of CNB's interventions and help the economy."* (Blesk.cz, 2017) Secondly, Babiš is often concerned by the economic situation of the Southern European states and refuses any potential contribution to the European Stability Mechanism. In a pre-election debate in October last year, he wrapped his opinion in the following statement: *"After my experiences as a Minister of Finances I have clearly stated that I don't want the euro. Currently, it is not favorable for us. We would have to vouch for Greek debts. I want an independent Czech National Bank and that the capital stays in our banks. The majority of countries that are not in the eurozone show better results."* (Blesk.cz, 2017)

Figure 31 - Structure of ANO's economic arguments (as nr. of total ANO's quotations coded as economic)

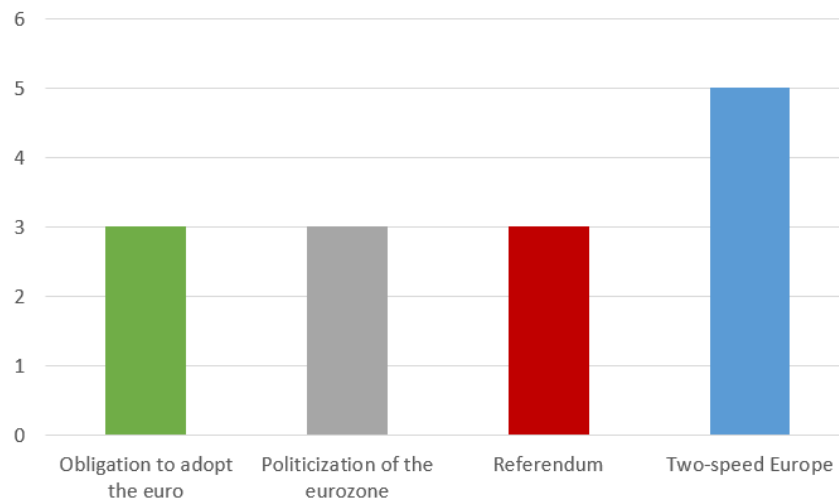


Source: Own creation.

As regards ANO's political argumentation, there is a visible contradiction between Věra Jourová and Andrej Babiš. The European Commissioner argues that the euro adoption is an obligation given by the Lisbon Treaty and, with regard to a potential division of the EU into two integration levels, she says that: *"I will always appeal to the Czech political representation in order to stay inside, not in the periphery of the European Union."* (Blesk.cz, 2017) Andrej Babiš, on the other hand, has repeatedly called for a referendum on a possible rejection of the euro and argues that: *"The eurozone was an economic project, but it has become a political one. And I don't want to vouch for the Greek debts, Italian banks, I don't want to be part of this system, because it will not bring us any benefits."* (Hospodářské noviny, 2017) Irrespective of Jourová's opinion, the party's majority political argumentation is expressed in its political program: *"It is necessary to make sure that the countries that don't have the euro are not*

having an unfavorable position, regardless of the future development in the eurozone. In case that the eurozone doesn't significantly reform itself in the next election period, we will not adopt the euro." (ANO, 2017)

Figure 33 - Structure of ANO's political arguments (as a nr. of quotations per each code)



Source: Own creation.

In one of the party's quotations, the euro could also be seen as a matter of national identity. Last year, in a pre-election debate, ANO's senator Jiří Hlavatý implied that adopting the single currency would take away self-esteem of Czech citizens: *"Nowadays, when the EU is controlled by France and Germany, I have a problem with it [the euro adoption]. We speak about democracy, but the rules are set by the strongest ones, similarly as it is in business. It is a pity that the Czechs lack pride, the Czech koruna would suit us."* (Ekonom Ihned, 2017)

7.2. ODS (The Civic Democratic Party)

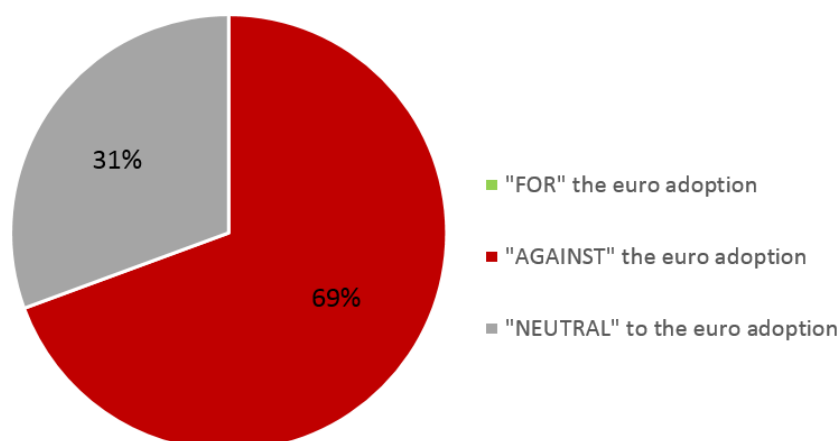
ODS is the second biggest political party in the Czech parliament, which gained a total of 11.32% in the latest elections. It was founded in the beginning of the 1990s after the Velvet Revolution and it identifies itself as a rightist liberal conservative³⁴ and moderately Eurosceptic party. In the European Parliament, it is part of the ECR group (European Conservatives and Reformists), which opposes integrationist tendencies of the EU and seeks to pursue reforms. For long, ODS was chaired by its co-founder and a very distinct Czech politician Václav Klaus, who has been known for his criticism of the euro and the EU as such. The current chairman of

³⁴ "Liberal conservatism is a political ideology combining conservative policies with liberal stances, especially on economic, social and ethical issues (...)." (Wikipedia, 2018)

the party is a Czech political scientist and a university professor Petr Fiala, who has been holding the office since 2013. (Wikipedia, 2018)

As regards ODS's position towards the euro, it has been consistently arguing against the adoption since Czech Republic's entry to the European Union. The researched data from the past five years do not show any change in this trend, as shown in the next figure. Unlike in ANO, where the debate on the single currency is dominated by one person, in ODS there are three main persons that regularly express their positions on the euro – Petr Fiala (the chairman of ODS), Jan Skopeček (ODS's economic expert) and Jan Zahradil (ODS's Member of the European Parliament) – and their position is strongly aligned. Out of 49 quotations belonging to the party, 34 were clearly marked as opposing the single currency. In the Position of ODS towards the EU published in 2017, the party claims that it will strive to: *"(...) disallow the entry to the eurozone, avoid participation in its rescue mechanism and aim to establish new rules towards the euro adoption (...)"* (ODS, ECR, 2017)

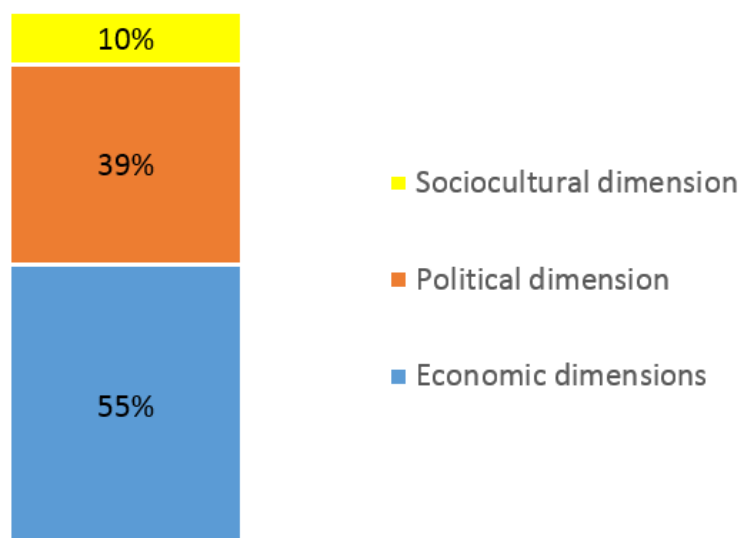
Figure 35 - Composition of ODS's quotations that speak "FOR" or "AGAINST" the euro adoption, or that are "NEUTRAL" to it (as % of the total ODS's quotations)



Source: Own creation.

The composition of the dimension of ODS's quotations is similar to ANO. As we can see, the party's politicians almost equally give political as well as economic arguments when expressing their positions to the euro. In sporadic cases, they also see the sociocultural dimension in the act of adopting the single currency.

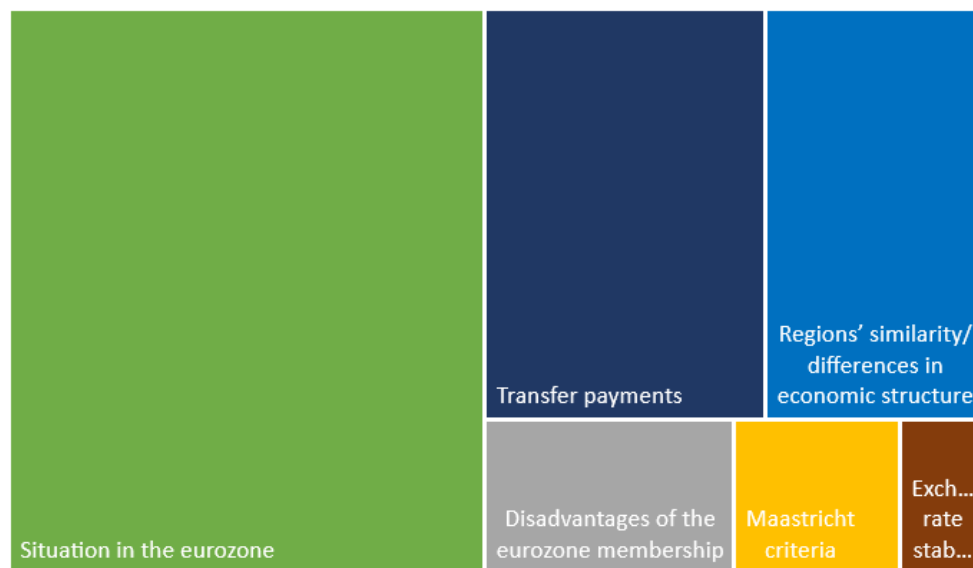
Figure 37 - Composition of ODS's quotations (as % of ODS's total quotations)



Source: Own creation.

Similarly to ANO, the Civic Democratic Party has been strongly concerned by the indebtedness and structural differences of Southern European countries compared to the North and the West, and has argued against the functioning of the ESM. *"Nowadays [in 2015], the total indebtedness of Greece has already exceeded 320 billion euros, the ratio of government debt to GDP is 177%. Since 2010, when Greece found itself on the verge of bankruptcy and the MFF together with the EU initialized financial aid, Greek economy has been declining by 4,8% on average. On the contrary, the level of unemployment rises, in 2010 it was 12.7% and last year it already reached 26.5%. (...) We can see from the numbers that neither the loans nor the transfer union have visibly helped Greece. And they will not help until Greece eliminates the causes and proceeds with more profound structural reforms."* (Fiala, 2015) Moreover, according to Jan Zahradil, the disadvantages of the eurozone membership outweigh the benefits. *"Our domestic 'euro-enthusiasts' are not telling the whole truth. With the Czech koruna, we can quite smoothly react to market fluctuations. With the euro, we have but one possibility in case of a crisis: to drastically cut the government spending, as we could see, for instance, in Greece or in the Baltic states."* (Zahradil, 2013)

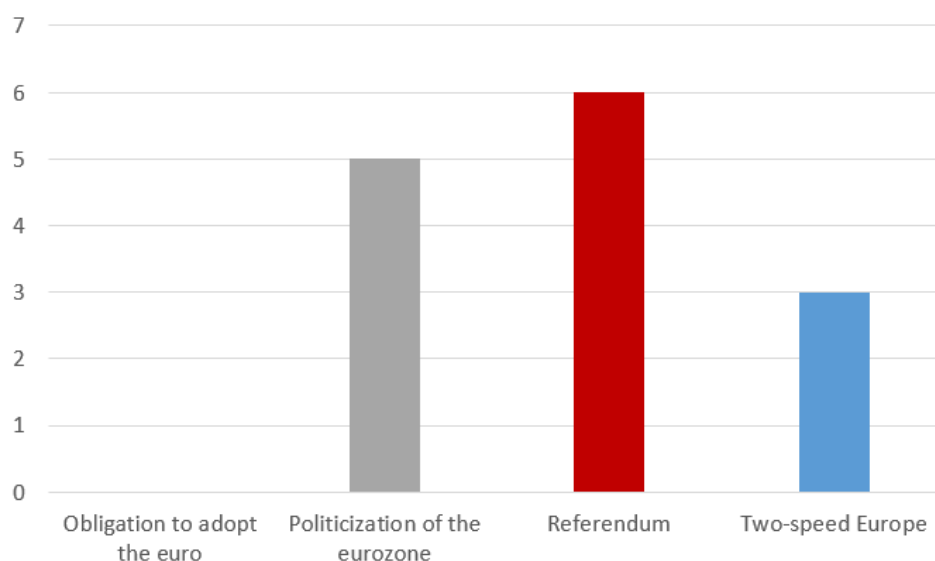
Figure 39 - Structure of ODS's economic argumentation (as a % of total quotations coded as economic)



Source: Own creation.

As regards ODS' political argumentation, the party has consistently been calling for a referendum on a possible euro adoption across its members. In its 2013 political program, the party claims that: *"The Czech Republic cannot afford the euro, it wouldn't pay off. The Czech koruna is more beneficial for us and we believe in its future. Therefore, we will insist on a referendum of a potential adoption of the common European currency. (...)"* (ODS, 2013) As well as ANO's chairman Andrej Babiš, the chairman of the Civic Democrats argues that the euro has transformed from an economic project to a political after the financial crisis. In 2015, he said to Hospodářské noviny that: *"The common monetary policy has brought the European Union to the worst crisis in its history. Greece is a 'good' example of a bankruptcy of a socialist economy and a dead end of the eurozone, which unsuccessfully tries to subject economic rules to political goals."* (Fiala, 2015) Furthermore, they view the concept of the "two-speed Europe" to be potentially favorable, as it might allow the Czech Republic to opt-out of the euro obligation. (ODS, ECR, 2017)

Figure 41 - Structure of ODS' political arguments (as a nr. of quotations per each code)



Source: Own creation.

Although it is not a majority voice, the party's chairman also argues that the euro can only be adopted among countries with a similar culture. *"In its current form, the eurozone is unsustainable. The only way out of the crisis is liberalization of the monetary union, which could theoretically function only among states with a similar structure of the economy and uniform socio-cultural conditions. That, however, isn't the case of all of the eurozone's countries, as clearly demonstrated by Greece."* (Fiala, 2015) Moreover, the party implies that European integration can potentially take away the Czech's pride and self-confidence. *"(...) We don't want to leave the Union irresponsibly, which, however, doesn't mean that we will blindly accept everything that comes from Brussels. We will measure every element of the European integration with our own eyes and from the perspective of Czech national interests. We want the Union as a space of economic freedom, not as a space of European bureaucracy. We want the Czech Republic as a self-confident country in Europe."* (ODS, 2013)

7.3. Czech Pirate Party

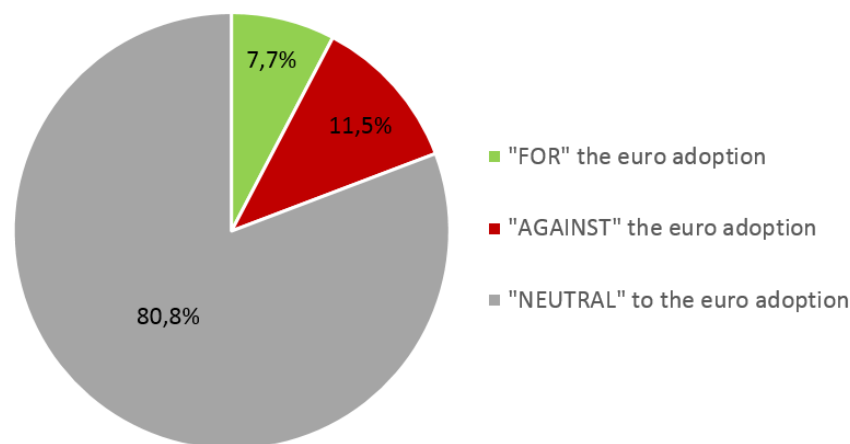
The Czech Pirate Party (a.k.a. Pirates) was founded in 2009 and it presents itself as a social liberal party that focuses on reaching transparency, fighting corruption, modernizing public administration and promoting participatory democracy³⁵. The party has been unsuccessful in the 2010 and 2013 parliamentary elections, but last year it gained 10.79% and became the third biggest political party in the Chamber of Deputies. Currently, it has no members in the

³⁵ Participatory democracy emphasizes the broad participation of constituents in the direction and operation of political systems via direct voting, referendums, etc. (Wikipedia, 2018)

European Parliament, but it appears as a pro-European political party. Generally, the Pirates favor the EU integration but call for various reforms at the same time. The party's current chairman is an IT specialist Ivan Bartoš. (Wikipedia, 2018)

As regards the euro, the Pirates generally do not perceive it as a current topic, which is also the reason why their representatives hardly ever publicly express their opinion on the adoption. In one of few interviews that were given on this topic, when Bartoš was asked by a Czech Television journalist whether his party favors the euro adoption or not, he said the following: *"In the nearest future, it is probably not a practical thing. The European Union must first solve the stabilization mechanisms and find a solution to deal with countries' bankruptcies. The obligation [to adopt the euro] results from the history, but we don't really want to go on with any turbulent actions."* (ČT, 2017) All in all, only 5 relevant sources to this party were found in all of the researched media. However, as the Pirates have an extensive political program published on their website, including a thorough position on the euro, we can still draw strong conclusions about the party. As seen in the figure below, the majority of the Pirates' quotations could not be clearly identified as favoring or opposing the single currency, and thus we can deem the party's position towards the adoption to be neutral.

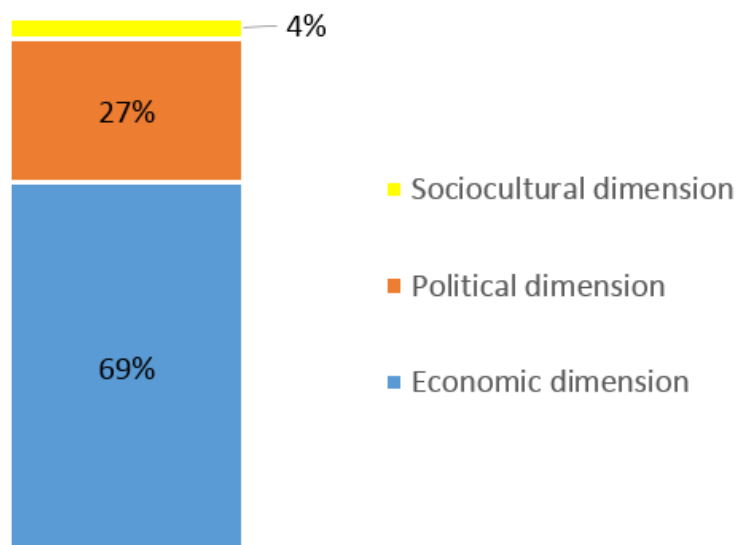
Figure 43 - Composition of the Pirates' quotations that speak "FOR" or "AGAINST" the euro adoption, or that are "NEUTRAL" to it (as % of Pirate's total quotations)



Source: Own creation.

As regards the nature of arguments about the euro, the Pirates mostly view the adoption as an economic decision, but some also perceive as primarily political.

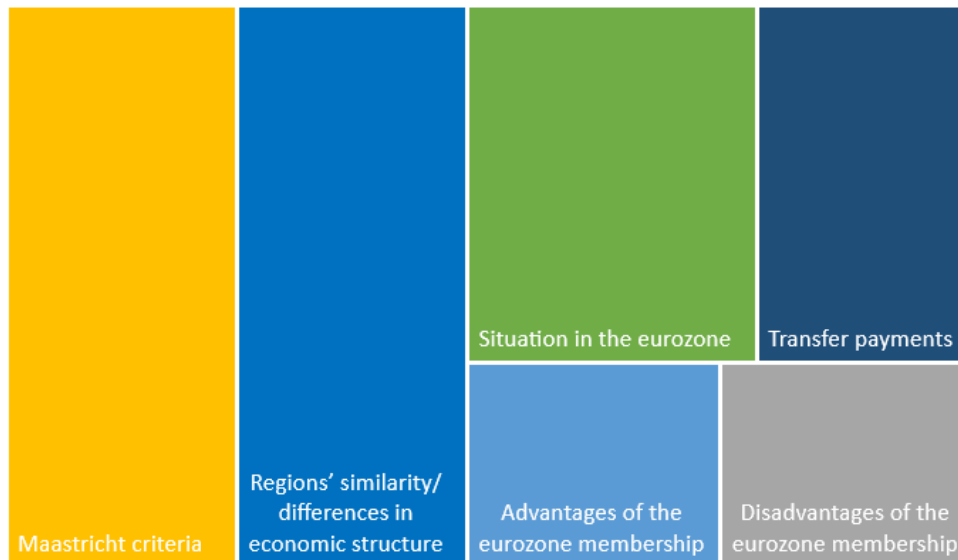
Figure 45 - Composition of Pirates' quotations by the dimension of argumentation (as % of total Pirates' quotations)



Source: Own creation.

Generally, the Pirates have a balanced view on the economic advantages and disadvantages of the euro. *"(...) The adoption [of the euro] would ease the situation for Czech businessmen, who would see a decrease in costs of insurance against the exchange rate risk, pull in international investors and make the Czech stock market more attractive. People would have easier conditions for studying and travelling abroad. (...) On the contrary, the Czech Republic has one of the lowest government debts in Europe and its banking system is in a better condition than many countries in the eurozone. Our own currency gives us the possibility to more flexibly react to possible global financial shocks."* (Piráti, 2017) Although they agree to adopt the euro in the long run, they are concerned by the current structural differences of the eurozone and criticize the violation of the Maastricht criteria. *"(...) it is necessary to consider the potential risks and solve structural problems of the eurozone. They cause its instability and could threaten our economy in the future. After the crisis in 2008, the financial situation of many states and their banking systems remains unresolved, without prospects for improvements in the near future. The Maastricht criteria, which were requested from new member states, have become just empty words and they are often violated."* (Piráti, 2017) All in all, they propose a list of concrete economic reforms that should be implemented before the Czech Republic attempts to enter the eurozone, such as clear rules for the bankruptcy of states and banks.

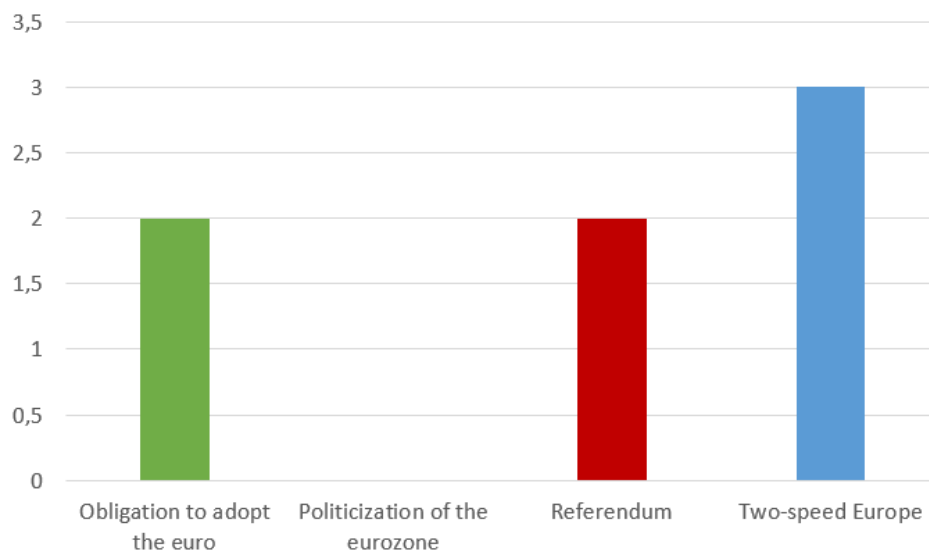
Figure 47 - Structure of Pirates' economic arguments (as a % of total quotations coded as economic)



Source: Own creation.

Previously, the Pirates represented one of the parties that called for a referendum on the euro. In a debate in 2014, Bartoš argued that: *"(...) The obligation to adopt the euro is not as dramatic as it is being put forward. After ten years of the operation in the European union, it is about time to ask the citizens again. The adoption or rejection of the euro should be a question of a referendum (...)"* (ČT, 2014) Currently, however, the party deems the obligation undisputable: *"(...) the referendum has already been conducted. The Czech Republic has already committed to adopt the euro with in the referendum on confirming the accession to the EU. This commitment is part of the Accession Treaty and it is not possible to unilaterally abandon it without the consent of other states, because we would violate the Treaty."* (Piráti, 2017) Moreover, some of Pirates' politicians also see potential benefits in the "two-speed Europe" concept. *"First and foremost, the adoption of the euro is a political decision. It binds us to the core much more tightly. (...) Fully intentionally, we strive to create political pressure in order to reach better results for the Czech citizens as well as citizens of other EU states."* (Ihned, 2017)

Figure 49 - Structure of Pirates' political arguments (as a nr. of total Pirates' quotations coded as political)



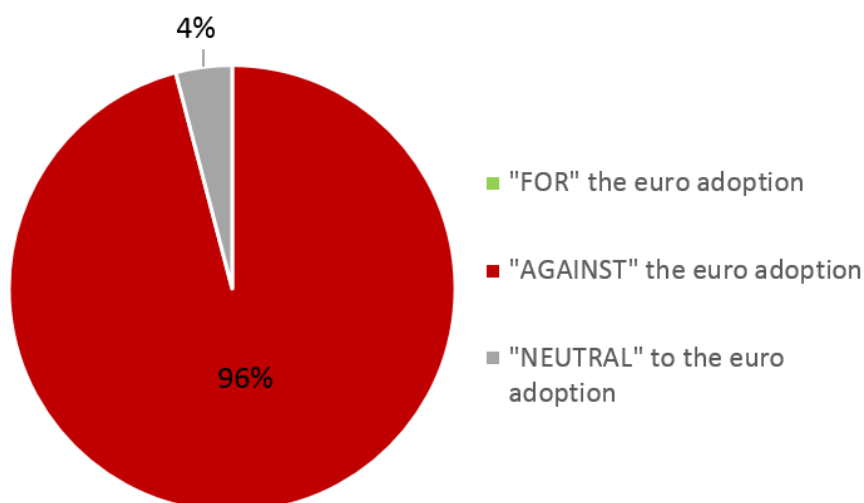
Source: Own creation.

7.4. SPD (Freedom and Direct Democracy – Tomio Okamura)

SPD is a far-right populist political movement that advocates patriotism, fights against immigration and promotes direct democracy in a broad sense. It was founded in 2015 by Tomio Okamura, an entrepreneur of Czech-Japanese origins, who is also the party's chairman, and another Czech entrepreneur Radim Fiala. In the last elections, SPD got 10,64% of all votes and gained 22 seats in the Chamber of Deputies. The movement also openly criticizes the EU in majority of its aspects and strives to organize a referendum on a possible exit from the Union. Currently, it has no representatives in the European Parliament, but it belongs to the Europe of Nations and Freedom (ENF) Eurosceptic political group. (Wikipedia, 2018)

The movement's opinion on the euro adoption is very straightforward. Out of 51 of all SPD's quotations, a clear opposition towards the single currency was expressed 49 times. Generally, the rejection of the euro is one of the party's main points in its political program and it is often referred to in various Facebook posts or interviews. The dominant voice of the whole party comes from Tomio Okamura, but when it comes to purely economic debates and interviews, Radim Fiala usually takes the floor.

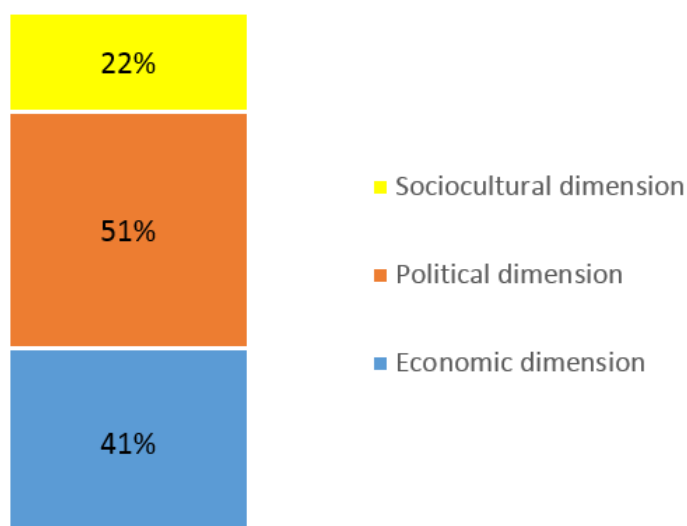
Figure 51 - Composition of the SPD's quotations that speak "FOR", "AGAINST" or are "NEUTRAL" to it (as a % of total SPD's quotations)



Source: Own creation.

Moreover, let us look at how SPD formulates its arguments. In majority of cases, the euro adoption is viewed from the political perspective, but it is also perceived as having an economic and sociocultural impact on the country.³⁶

Figure 53 - Composition of SPD's quotations by the dimensions of argumentation (as % of total SPD's quotations)

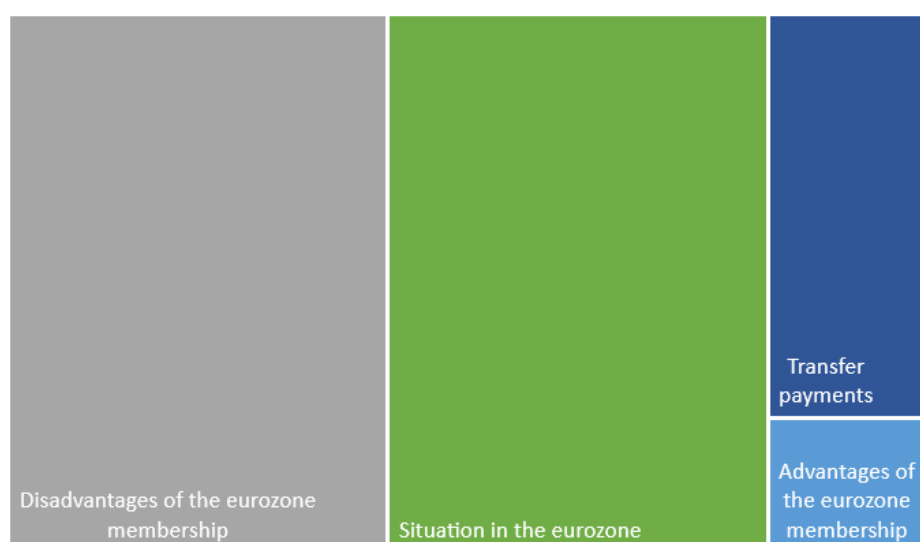


Source: Own creation.

³⁶ The total percentage exceeds 100%, as some of SPD's quotations had more than one dimension involved.

When giving economic arguments, the party mainly stresses the disadvantages that the euro brings: *“The SPD movement confirms its long-term strong opposition towards the euro adoption. An individual currency is one of the pillars of economic sovereignty of the country and it allows the Czech Republic a certain reaction in case of macroeconomic changes in global economy.”* (SPD, 2017) Moreover, as well as ANO and ODS, it argues against a potential euro adoption because of bad economic conditions in the South of the eurozone, but it uses much more simplified and harsher language: *“(…) After the eurozone crisis, which emerged, among others, due to Greece and which will continue in other Southern eurozone countries, only a person on drugs or a politician can speak about the stabilization effect of the euro (…)”* (SPD, 2017)

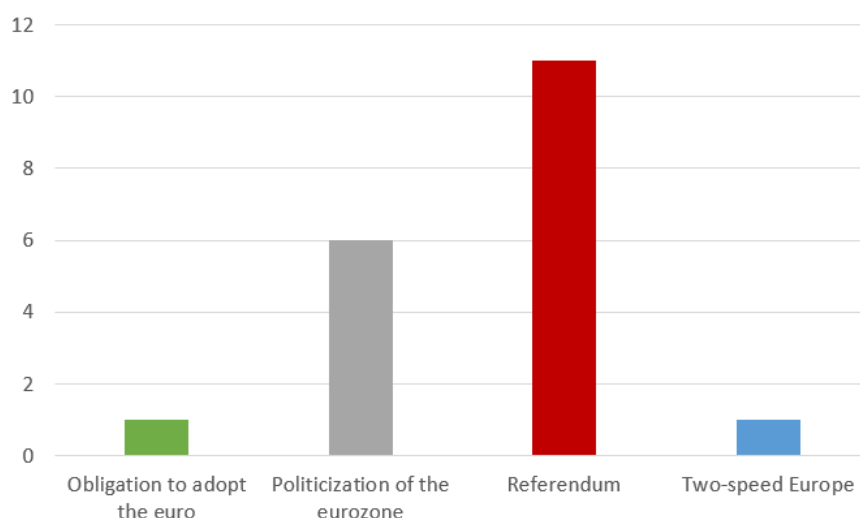
Figure 55 - Structure of SPD's economic arguments (as a % of total SPD's quotations coded as economic)



Source: Own creation.

SPD the biggest supporters of a possible referendum of all the reviewed parties. In September last year, Okamura wrote on his Facebook: *“On behalf of our movement SPD, I clearly state that we oppose the euro adoption in the Czech Republic and request a referendum on leaving the European Union, so that the citizens can decide about the future on their own.”* (Facebook, 2017) As well as some of the other parties, they also often argue that the euro has become a political project over the years.

Figure 57 - Structure of SPD's political arguments (as nr. of SPD's quotations per each code)



Source: Own creation.

Moreover, SPD is a party that often blends the difference between economic, political and even socio-cultural arguments. The euro adoption (rejection) is one of the party's main points in its political program and references to it frequently appear in connection with topics that are fundamentally unrelated. For instance, in October last year, Tomio Okamura published a long Facebook post that criticized the Czech Pirate Party's position towards immigration and the euro, which could imply that the foreign currency could be viewed as a matter of national security. At the end of his message, Okamura wrapped up his views as follows: *"Our movement SPD promotes zero tolerance of this illegal immigration, we promote prohibition of Islam in the Czech Republic as a hateful ideology and we refuse the euro adoption in the Czech Republic."* (Okamura, 2017) Similar connections, where the euro is referred to in the same sentence as threat of Islamic immigrants, were found in a total of 8 SPD's quotations. Moreover, in case of four quotations, SPD also implies that the euro adoption can take away part of the Czech Republic's culture, as follows: *"(...) The European Union has already decided to promote voting rights of foreigners, adopt the euro, and it is preparing the redistribution of immigrants among its member states. The plan on a multicultural European super-state is being put forward, in which the Czech Republic will be just a meaningless administrative unit."* (SPD, 2017)

7.5. KSČM (The Communist Party of Bohemia and Moravia)

KSČM was founded in 1990 after the breakdown of KSČ, the party that established a Communist regime in Czechoslovakia and held power over the country in the second half of the last century. KSČM is based on the far-left Marxist ideology and it promotes equal social

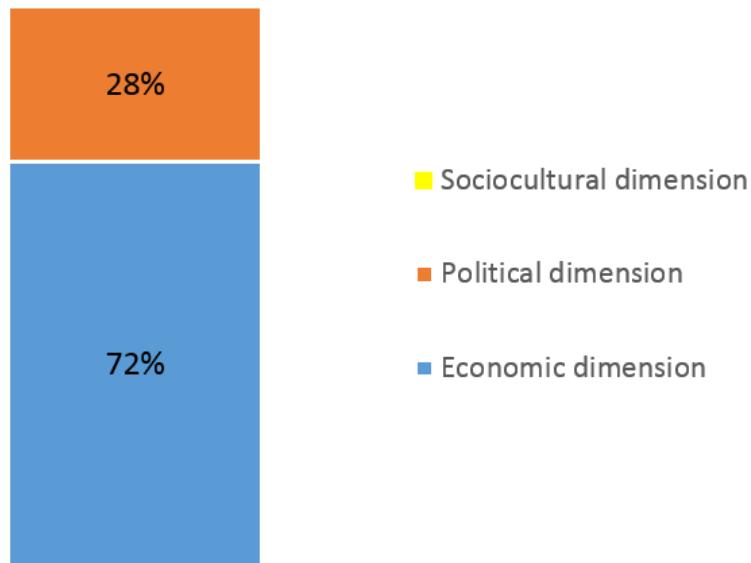
rights and self-government of the society. In the latest 2017 elections, it got 7,76% of votes and installed 15 politicians in the Chamber of Deputies. In the European Parliament, it is part of the moderately Eurosceptic European United Left–Nordic Green Left (GUE-NGL) political group and holds three mandates. (Wikipedia, 2018)

As regards the euro, KSČM is consistent in opposing the adoption. All in all, there are four politicians in the party that tend to publicly speak about the topic – the chairman Vojtěch Filip and the vice-chairman Josef Skála, the party's economic expert Jiří Dolejš, and Jan Zeman, another economist and KSČM's ideologist. As well as other previously mentioned parties, the Communists call for a referendum on a possible adoption or rejection of the euro. In a pre-election debate organized by Blesk newspaper in October last year, Filip said: *"We want a popular referendum³⁷. I don't think that the Czech Republic should give up one of its functional economic instruments. In this regard, it is clear that KSČM unambiguously favors the Czech koruna, we want to keep it."* (Blesk.cz, 2017) Depicting the party's composition of quotations that speak "FOR" or "AGAINST" the euro adoption would, however, be rather misleading. In April this year, KSČM published its official opinion on the single currency, which contains lots of objective and neutral data and served as a source of a big number of quotations belonging to the Communists. Therefore, deriving a graph from the researched data in this regard could create a deceptive illusion that KSČM is more or less neutral towards the euro.

When looking at the nature of the arguments the party uses, the euro adoption is dominantly looked at from the economic perspective and about each third time also from the political perspective. Moreover, the Communists do not see any socio-cultural dimensions in this regard.

³⁷ A popular referendum is "(...) a type of a referendum that provides a means by which a petition signed by a certain minimum number of registered voters can force a public vote (plebiscite) on an existing statute, constitutional amendment, charter amendment or ordinance (...)" https://en.wikipedia.org/wiki/Popular_referendum

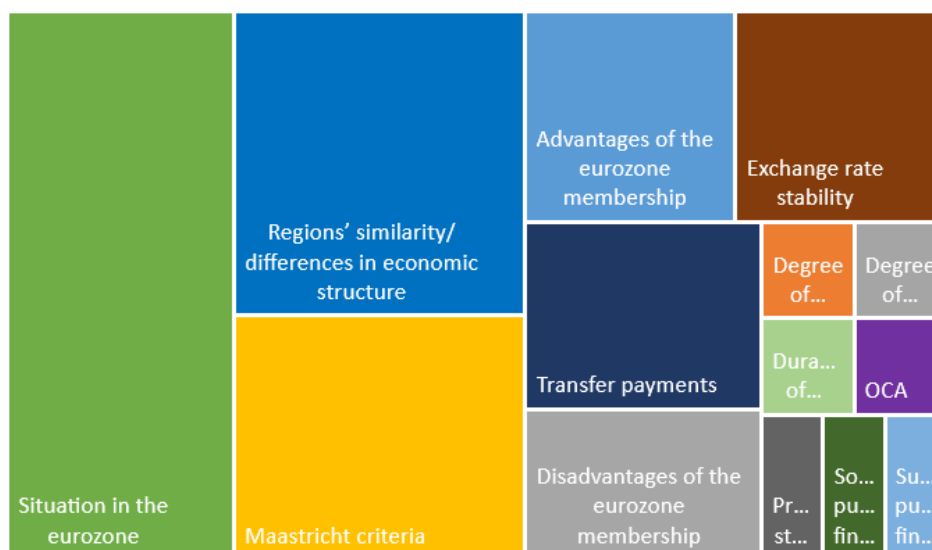
Figure 59 - Composition of KSČM's quotations by dimensions of argumentation (as a % of total KSČM's quotations)



Source: Own creation.

Due to its very comprehensive position paper on the euro adoption, KSČM has a very rich portfolio of economic arguments and even neutral and objective data. If combined with other quotations from the rest of the politicians, however, we can observe a clear trend, in which the structural problems and bad economic conditions in the Southern countries remain the dominant economic arguments against the euro. *“It is definitely necessary to reject the efforts to adopt the euro in the Czech Republic. Next to the gigantic indebtedness and significant socioeconomic differences of the majority of eurozone’s member states, the euro is sentenced to go bankrupt. It is also an instrument of German economic policy, which heavily damages other member states of the eurozone.”* (Zeman, 2016)

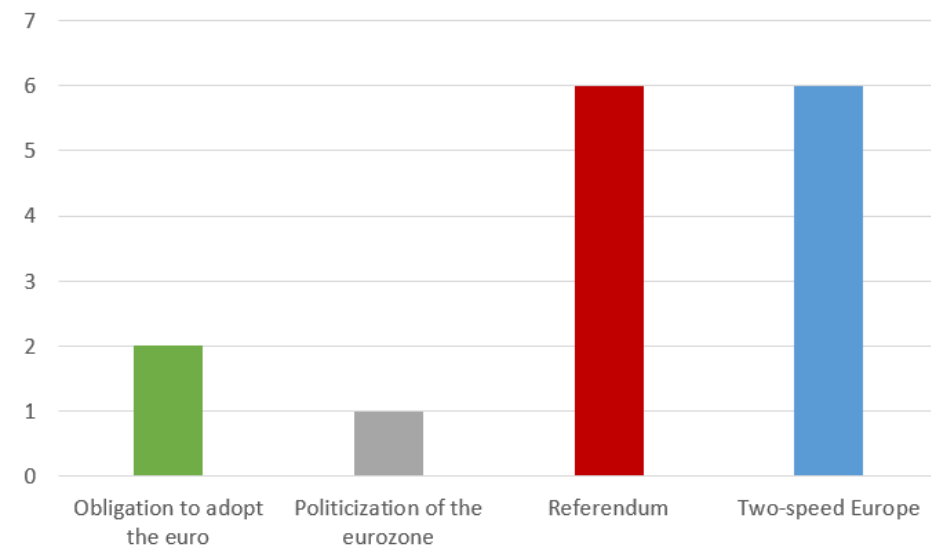
Figure 61 - Decomposition of KSČM's economic arguments (as a % of total KSČM's quotations coded as economic)



Source: Own creation.

Although KSČM's official position recognizes that the Czech Republic made a commitment to adopt the euro when entering the EU, many of the party's politicians still call for a referendum on a potential rejection. *"The European Union is not in a good condition, it is a significantly heterogeneous space, which might be the reason why especially the new member states, with the exception of Slovakia, Slovenia and Baltic states, didn't agree to the adoption of the euro, although it is part of the Accession Treaty of the EU. Whenever the time to speak about the real date of the decision on the euro will come, the people should get the chance to decide in a referendum."* (Dolejš, 2018) As regards the "two-speed Europe" concept, they criticize it and argue it would lead to a further decomposition of the EU. *"The idea of an elite core, idea of the separation of the monetary union and the multi-speed development inside the eurozone would only strengthen the disintegration of Europe."* (Odborné zázemí ÚV KSČM, 2018)

Figure 63 - Structure of KSČM's political arguments (as a nr. of quotations per each code)



Source: Own creation.

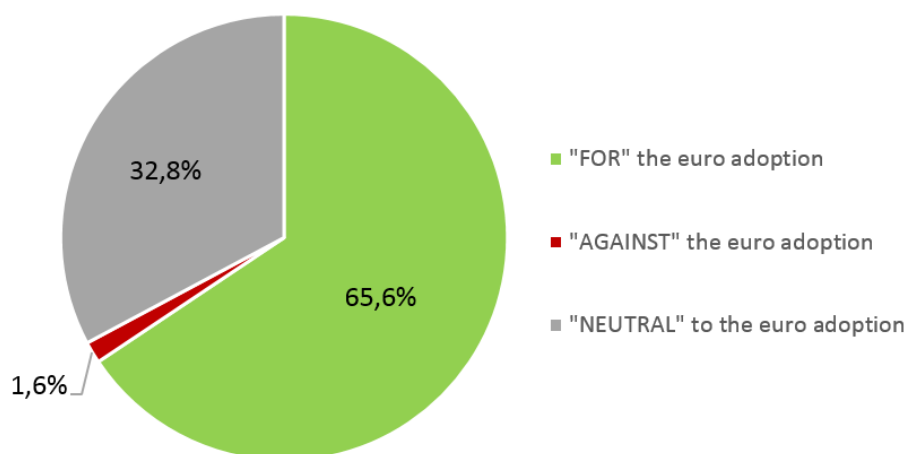
7.6. ČSSD (The Czech Social Democratic Party)

ČSSD is a center-left political party with the longest history of all the reviewed subjects, as it was already founded in 1878 during the reign of the Austro-Hungarian empire. Currently, it is divided into two prominent groups – a conservative wing, which identifies itself as social-conservative and moderately Eurosceptic, sometimes inclining to leftist nationalism, and the liberal wing, which is predominantly progressive and pro-European. In last year's elections, ČSSD received 7,27% of the total votes and received 15 seats as well as the Communists. In the European Parliament, it is part of the Progressive Alliance of Socialists and Democrats (S&D), a pro-European political group that favors integration as well as enlarging the eurozone. (Wikipedia, 2018)

Generally speaking, ČSSD has long been in favor of the euro adoption, although there were also some skeptical tendencies after the world's financial crisis in 2008 and the consequential European debt crisis, coming, for instance, from Jan Keller, a Member of the European Parliament, who signed a petition that aimed to abolish the obligation to adopt the euro in 2015. (iDNES, 2015) In the past five years, the position of ČSSD towards the euro was predominantly conveyed by Bohuslav Sobotka, the party's chairman between 2011 – 2017 and the Prime Minister of the Czech Republic between 2014 – 2017, and occasionally also by Milan Štěch, the President of the Czech Senate between 2010 – 2018, and Pavel Poc, the Member of the European Parliament, who all belong to the liberal wing of Social Democrats. The party's moderate support of the euro adoption was summarized in its political program

for the 2017 elections: “We want to actively shape and change Europe and thus we want to be in its core. We support the Czech Republic heading towards the adoption of the euro whenever it is economically and socially profitable.” (ČSSD, 2017)

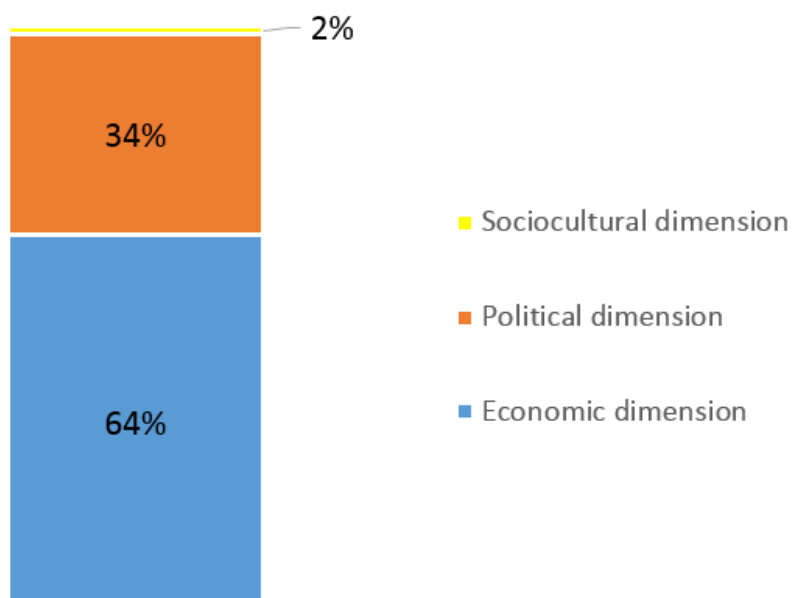
Figure 65 - Composition of ČSSD's quotations that speak “FOR” or “AGAINST” the euro adoption, or that are “NEUTRAL” to it (as a % of total ČSSD's quotations)



Source: Own creation.

Similarly to the Czech Pirate Party, ČSSD perceives the euro adoption as an economic decision in two-thirds of the cases, while the rest of the cases is mostly viewed from the political perspective.

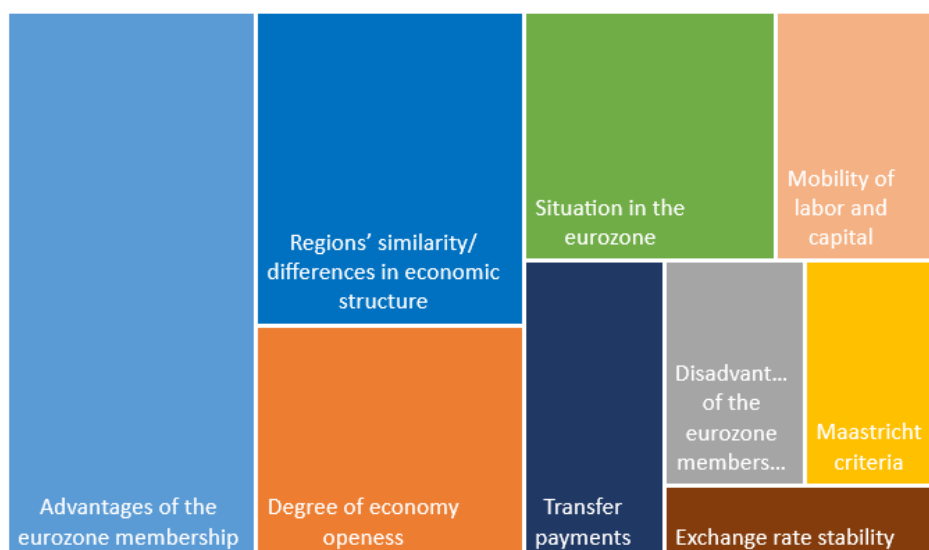
Figure 67 - Composition of ČSSD's quotations by dimensions of argumentation (as % of ČSSD's total quotations)



Source: Own creation.

As well as KSČM, the Social Democrats have a broad economic argumentation as regards the euro adoption. Contrary to the Communists, however, they see clear advantages and support their arguments with the fact that the Czech Republic is a very open economy. *“Every entrepreneur that exports and every citizen that travels knows that it is more comfortable and cheaper to operate with just one currency. We are an export-oriented economy. The costs of export-oriented firms will be significantly lowered due to the elimination of transaction costs, the exchange rate risk will decrease and these firms will reach lower interest rates. A clear advantage for ordinary citizens, among others, is also the conservation of the value of savings, because the euro belongs to the strongest world’s currencies together with the U.S. dollar.”* (Poc, 2018) At the same time, however, ČSSD argues that a further economic convergence between the Czech Republic and the eurozone is necessary: *“I am convinced that we should adopt the euro whenever we will be ready for it in terms of real convergence.”* (Blesk.cz, 2017)

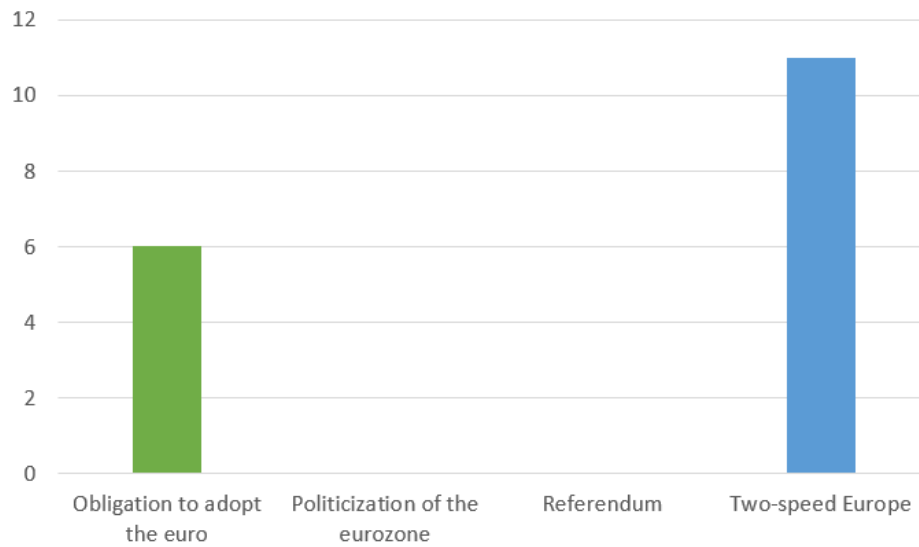
Figure 69 - Decomposition of ČSSD's economic arguments (as a % of total ČSSD's quotations coded as economic)



Source: Own creation.

Generally, Social Democrats shows strong political support towards the euro adoption. Moreover, they are the biggest party that warns of potential risks stemming from the Czech Republic's absence in the monetary union in the long-term. *"If the eurozone wanted to organize its financial streams on its own and would want to set us somewhere aside together with Romania or Bulgaria, it would be bad for us. If such situation emerged, I would say we should go for it."* (Ihned, 2017)

Figure 71 - Structure of ČSSD's political arguments (as a nr. of quotations per each code)



Source: Own creation.

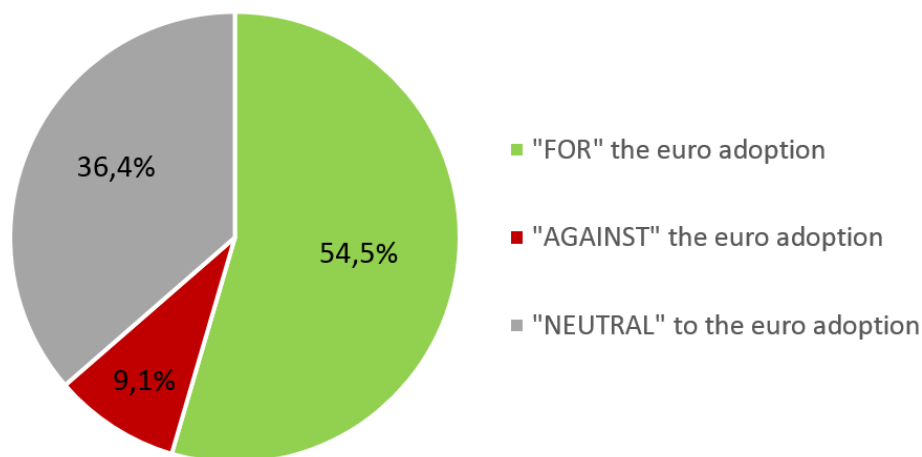
As for the socio-cultural arguments, which are almost absent within ČSSD, in one of his quotations, Bohuslav Sobotka sees a potential rejection of the euro as a matter of security, both on economic and social level. *"The isolation of our country would mean a decline of economy, social stagnation and weakening of our democratic institutions. The European Union and the eurozone are spaces of a chance for stability, security and prosperity."* (Sobotka, 2016)

7.7. KDU-ČSL (The Christian and Democratic Union – Czechoslovak People's Party)

KDU-ČSL, founded in 1919 and thus being the second oldest of all the researched subjects, is a centrist pro-European political party based on traditional Cristian values that focuses on social services, health care, traditional family model or education. In the latest elections to the Czech Chamber of Deputies, it collected 5,8% of votes and gained 10 seats. Moreover, KDU-ČSL is a member of the European People's Party (EPP), which is a Cristian Democratic European political group that forms the predominant political direction of the EU, and holds 3 mandates in the European Parliament. (Wikipedia, 2018)

Out of 10 sources that were referring to KDU-ČSL and the euro, I was able to extract only 22 quotations, as the Cristian Democrats do not speak about the topic very extensively. Most of the quotations belong to four particular politicians – the party's chairman Pavěl Bělobrádek, the vice-chairman and a former Minister of Agriculture Marian Jurečka, and two Members of the European Parliament Tomáš Zdechovský and Pavel Svoboda. If we summarize the party's position, the Cristian Democrats generally favor the euro adoption in the long run, but do not want to rush it anytime soon. For instance, Tomáš Zdechovský even warns that the attempt to proceed with the adoption would be a political suicide under current political circumstances, even though the country is fulfilling all the necessary economic criteria. (KDU-ČSL, 2015)

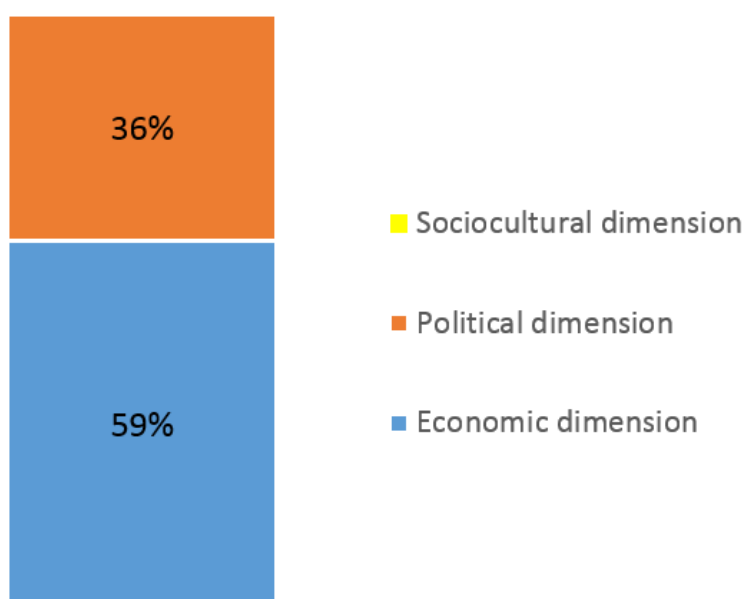
Figure 73 - Composition of KDU-ČSL's quotations that speak "FOR" or "AGAINST" the euro adoption, or that are "NEUTRAL" to it (as a % of KDU-ČSL's total quotations)



Source: Own creation.

The arguments that Cristian Democrats use when speaking of the euro have strong economic as well as political dimensions, whereas the socio-cultural perspective is completely absent.

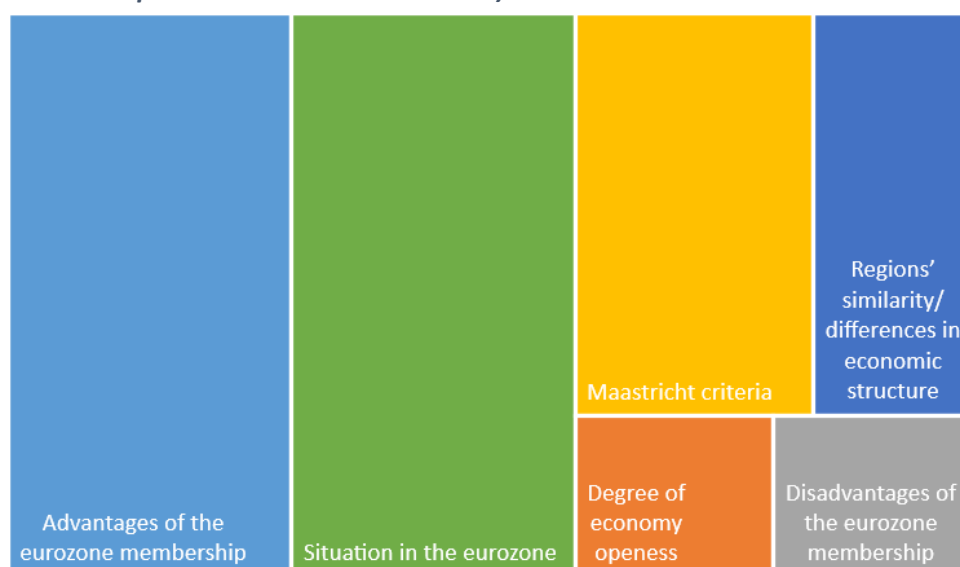
Figure 75 - Composition of KDU-ČSL's quotations by the dimension of argumentation (as % of KDU-ČSL's total quotations)



Source: Own creation.

When analyzing KDU-ČSL's economic arguments more thoroughly, we can see that its politicians primarily favor the euro for its advantages. Marian Jurečka, for instance, has personal experiences with the negative effects of the exchange rate risk: *"For eight years, I have worked in firms involved in international trade. Dealing with exchange rate differences makes it very difficult for the company, when it comes to future planning, risks, etc."* (ČT, 2017) At the same time, however, Jurečka shows concerns about the eurozone's economic situation when asked if his party supports the adoption of the single currency: *"Yes, we are in favor of the euro adoption sometime in the future. It is also necessary to wait until the eurozone and Greece become stable."* (ČT, 2017)

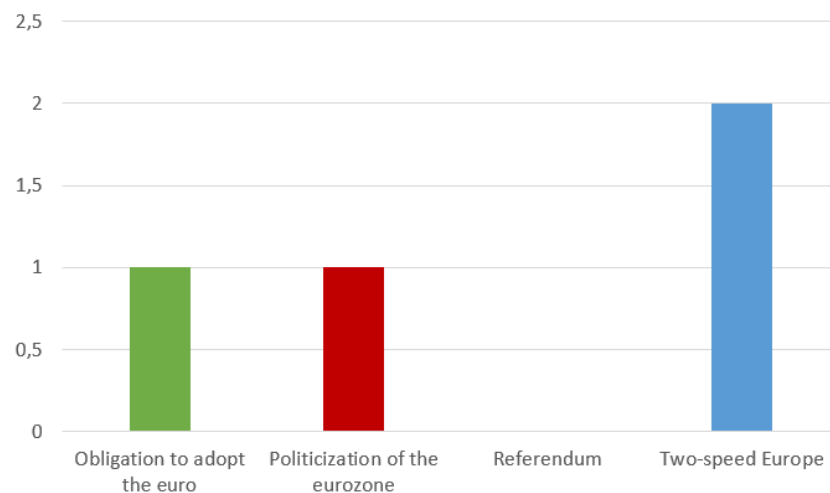
Figure 77 - Decomposition of KDU-ČSL's economic arguments (as a % of total KDU-ČSL's quotations coded as economic)



Source: Own creation.

As KDU-ČSL has only four political quotations in total, it would not be wise to draw any strong conclusion about the party. However, it is relevant to say that the party perceives the potential risks of a two-speed Europe similarly to ČSSD.

Figure 79 - Structure of KDU-ČSL's political arguments (as a nr. of quotations per each code)



Source: Own creation.

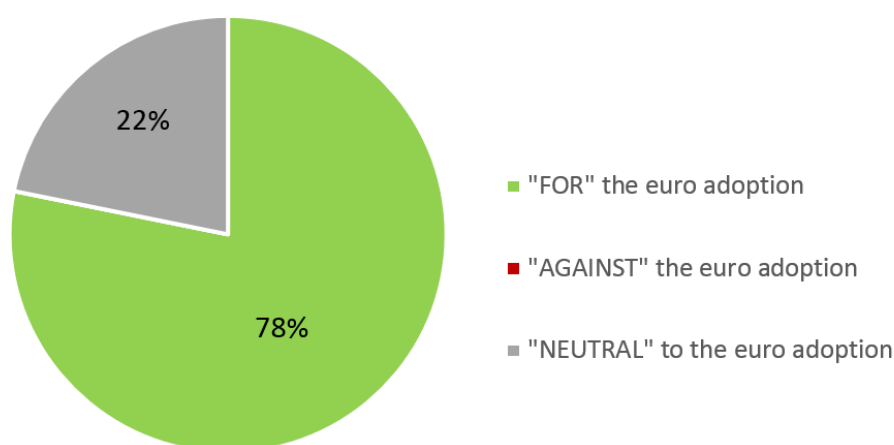
7.8. TOP 09

TOP 09 is a center-right liberal conservative political party founded in 2009. Its name is an abbreviation of the words Tradition, Responsibility and Prosperity, which designate the party's three fundamental values. Moreover, TOP 09 advocates human rights, criticizes Putin's regime in Russia and stands against populist tendencies. Of all the reviewed parties, it can be considered as the most pro-European political subject and the biggest supporter of the euro. It has a strong position in the European Parliament, where it received 4 seats in coalition with STAN in the 2014 elections, and it is part of the European People's Party as well as KDU-ČSL. However, its position on the domestic scene has lately been declining. Last year, it barely managed to enter the Chamber of Deputies with a total of 5,31% of votes. (Wikipedia, 2018)

TOP 09 is consistently strongly in favor of the euro adoption. All in all, there are three dominant politicians that extensively speak on the euro topic: Miroslav Kalousek, a former Cristian Democrat and a Minister of Finance during the world's 2008 financial crisis, who later co-founded TOP 09 and served as its chairman between 2015 – 2017, Helena Langšádlová, TOP 09 vice-chairman and a member of the committee on the European affairs, and Luděk Niedermayer, a current Member of the European Parliament and a former vice-governor of the Czech National Bank. The opinions of TOP 09's politicians on the euro were summarized in the 2017 political program: *"In the next electoral term, we will make sure that the Czech*

Republic decides on a binding date of the entry into the eurozone and directs its policies towards fulfilling the conditions for the adoption [of the euro]. We are convinced of the legitimacy of this step from both economic and political reasons.” (TOP09, 2017) Of all the party’s quotations, the majority could be clearly marked as arguing “FOR” the adoption, such as the one above.

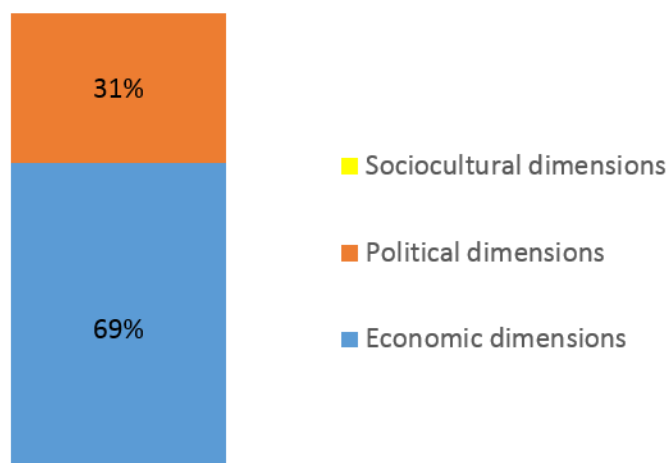
Figure 81 - Composition of TOP 09's quotations that speak “FOR” or “AGAINST” the euro adoption, or that are “NEUTRAL” to it (as a % of total TOP 09's quotations)



Source: Own creation.

The fact that TOP 09 sees both economic and political dimensions in the act of the euro adoption is already embedded in its political program. Specifically, the party’s politicians view the euro from the economic perspective in two-thirds of the cases, while the rest of the cases are viewed from the political perspective and they do not perceive any socio-cultural dimension in this regard.

Figure 83 - Composition of TOP 09's quotations by the dimensions of argumentation (as % of total TOP 09's quotations)

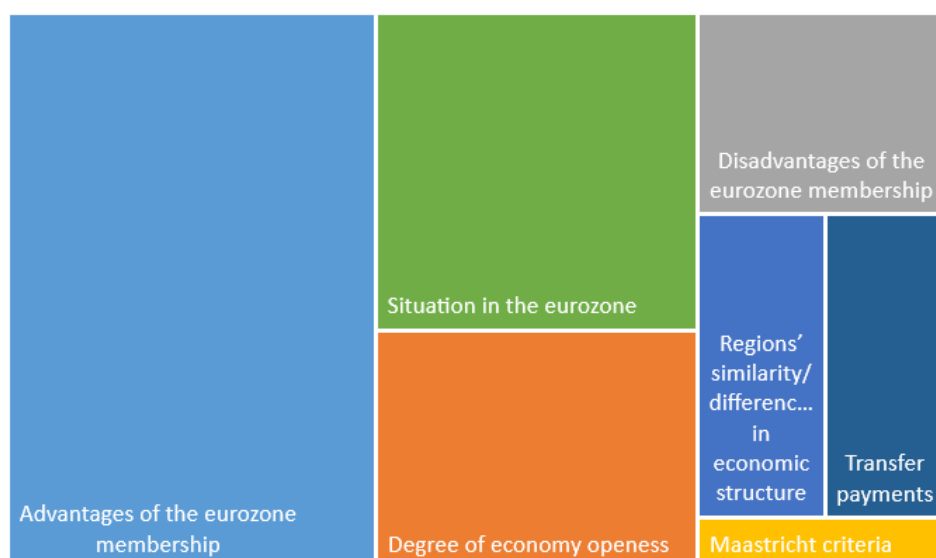


Source: Own creation.

TOP 09's economic arguments mostly refer to the advantages of the euro adoption, as defined in the Accession Strategies published by the CNB and the Ministry of Finance. The main benefits that the party sees are, for instance, summarized in TOP 09's political program: *"It [the euro] will strengthen stability of our economy, eliminate the exchange rate risk and transaction costs for our exporters and increase competitiveness of our businesses. That will contribute to the growth in wages. Higher competitiveness on the market and higher price transparency is another benefit of the euro for our citizens."* (TOP09, 2017) On the other hand, TOP 09 also clearly recognizes the shortcomings of the single currency, such as the loss of independent monetary policy, as depicted by a total number of 4 quotations referring to the disadvantages of the adoption of the euro. (Niedermayer, 2017)

Otherwise, TOP 09's politicians often argue that the Czech Republic is a highly export oriented country. *"It doesn't mean that [after the euro adoption] the Czech Republic will become poorer or richer. It means more chances. We are interconnected with the eurozone with more than 50% of our imports and exports."* (Blesk.cz, 2017) Moreover, unlike other of the researched political parties, they do not necessarily have negative prospects of the eurozone's situation in the future. *"(...) In reaction to the crisis, the rules of the functioning of the eurozone have improved and the consequences are, for instance, decreases in government deficits in the eurozone (towards the value of 1,5%, thus far below values from the past) or decreasing shares of government debts in % of GDP. Nowadays, the economies of the eurozone grow at a similar pace as the USA, which postpones the fiscal consolidation process. New mechanisms, such as the Banking union or the stability mechanisms (ESM), decrease the risks that future economic declines, financial crises and economic faults of governments will form into a deep crisis of the European economy."* (Niedermayer, 2017)

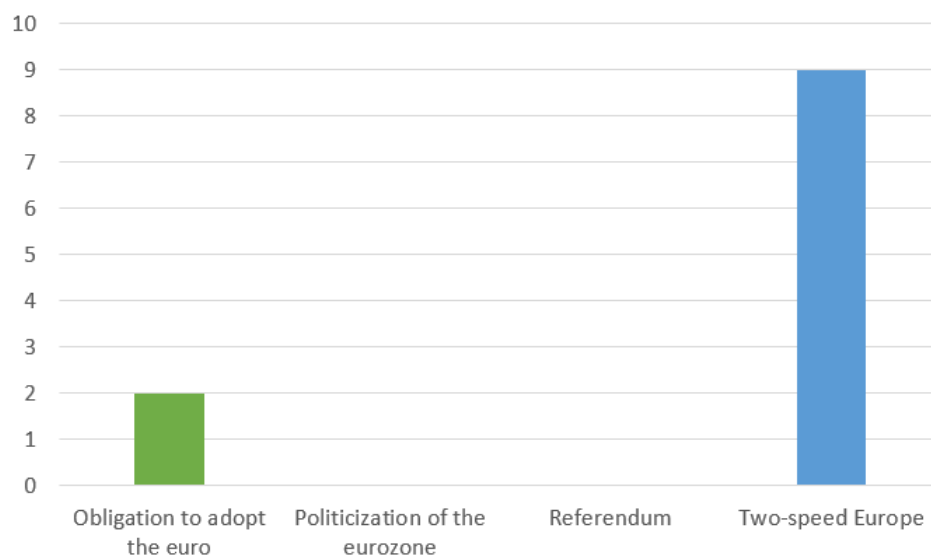
Figure 85 – Structure of TOP 09's economic arguments (as a % of total TOP 09's quotations coded as economic)



Source: Own creation.

When it comes to TOP 09's political views on the euro, the party is strongly concerned by the threat of the potential "two-speed Europe" concept. *"It can happen that the membership and absence in the eurozone will create a division line between states, whether they will stay in the core of the EU, or in the periphery. We should do everything to make sure that our decisions will not leave us in the periphery."* (Blesk.cz, 2017)

Figure 87 - Structure of TOP 09's political arguments (as a nr. of quotations per each code)



Source: Own creation.

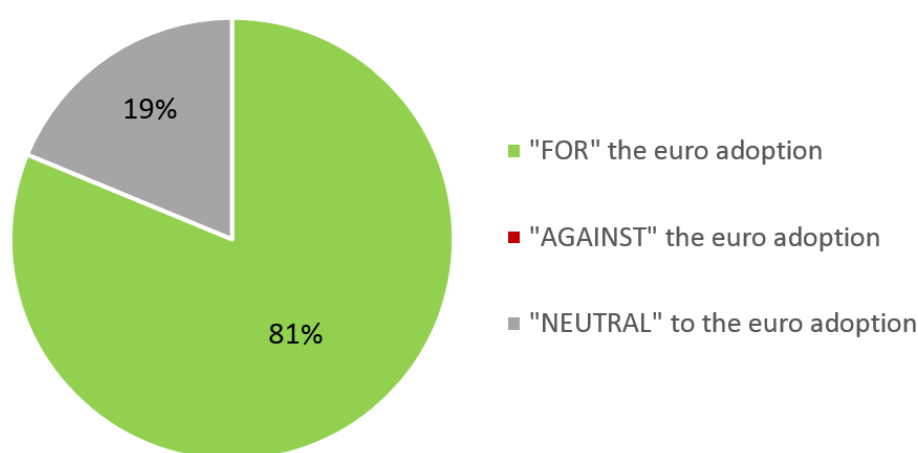
7.9. STAN (Mayors and Independents)

The last and smallest of the reviewed subjects is a center-right political movement called STAN (the name stands for Mayors and Independents when translated), which was founded in 2009. It is mostly focused on communal and regional politics and it advocates each citizen's individual responsibility, decentralization, protection of private property and the rule of law. In the field of international affairs, it is strongly pro-European and it is part of the European People's Party in the European Parliament together with TOP 09 and KDU-ČSL, with which it often cooperates even on the domestic level. Last year, STAN stood for election to the Chamber of Deputies independently for the first time and gained 5,18%, totaling a number of 6 deputies. (Wikipedia, 2018)

STAN is clearly supportive to the euro and acknowledges its future adoption as an obligation originating from the EU's Accession Treaty signed by the Czech Republic in 2004. In its political program from 2017, STAN says that: *"We will lay down the conditions under which the Czech Republic will make the final decision on a concrete date of the entry to the ERM II and*

consequently to the eurozone. We do not question our international obligations.” (STAN, 2017) Otherwise, STAN’s politicians who mostly express their opinions on the euro publicly are Petr Gazdík, a teacher and the party’s chairman, and Jan Farský, a lawyer and STAN’s leader in the past elections, who both favor the euro, but at the same time call for further reforms prior to the adoptions. In an interview in the Czech Television from last year, Farský said: *“Yes [I support the euro adoption], whenever it is profitable for the Czech Republic.”* (ČT, 2017) All in all, 13 of the party’s quotations could clearly be marked as supportive of the euro, while the rest was deemed to be neutral.

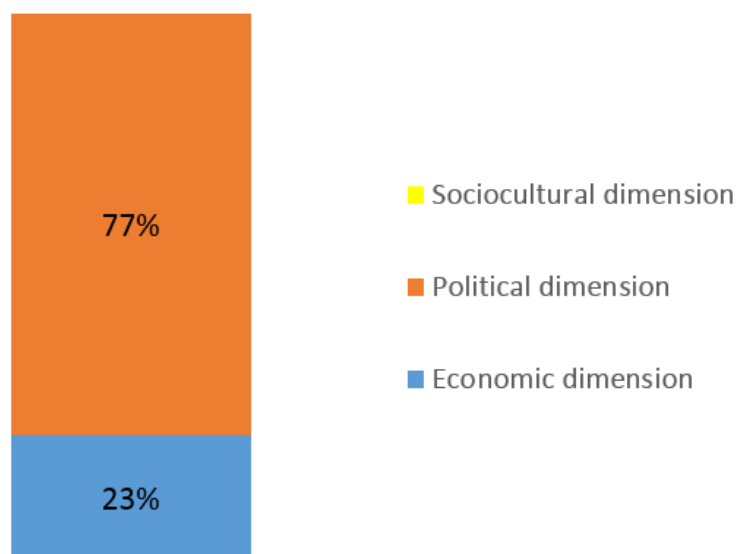
Figure 89 - Composition of STAN's quotations that speak “FOR” or “AGAINST” the euro adoption, or that are “NEUTRAL” to it (as % of total STAN’s quotations)



Source: Own creation.

When arguing about the euro, the majority of Mayors and Independents see mostly political rather than economic dimensions in its adoption. As regards the socio-cultural perspective, it is fully absent in their arguments.

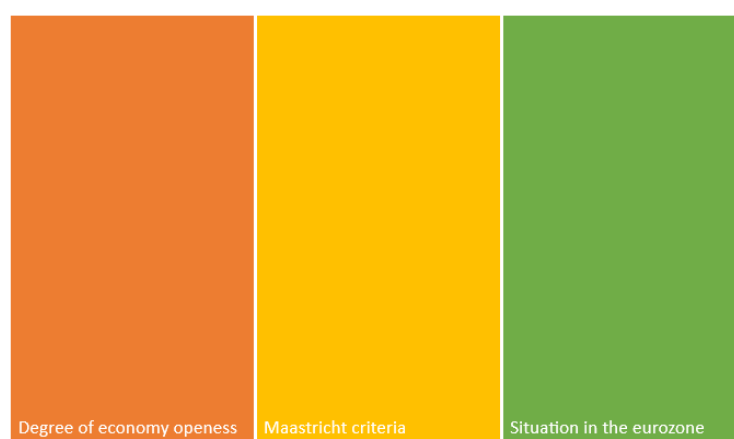
Figure 91 - Composition of STAN's quotations by dimensions of argumentation (as % of total STAN's quotations)



Source: Own creation.

Of all the reviewed sources, STAN used only 3 economic arguments. As a first step, the Mayors and Independents are convinced that the Czech Republic should proceed with fulfilling the remaining Maastricht convergence criterion and enter the ERM II. Also, they acknowledge the interconnectedness of the Czech and German economies and view it as one of the main arguments towards future euro adoption, but at the same time they call for reforms in Greece and other Southern eurozone countries.

Figure 92 - Decomposition of STAN's economic arguments (as a % of STAN's total quotations coded as economic)

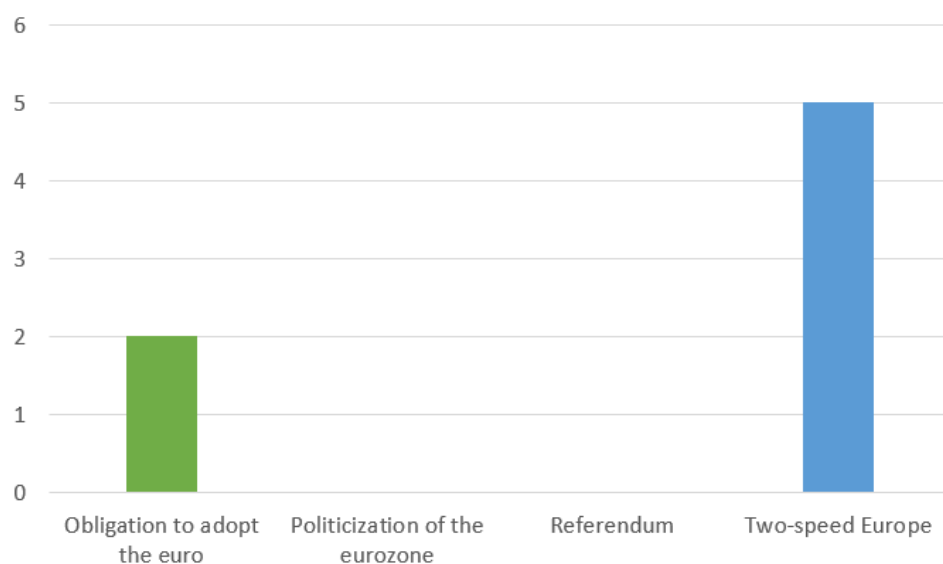


Source: Own creation.

As well as ČSSD, KDU-ČSL and TOP 09, Mayors and Independents warn of potential risks that could stem from the Czech Republic's absence in the monetary union. *"The euro is a political*

decision, especially after Brexit. We have to decide whether to be part of the majority in the eurozone, which will be deciding, or part of the minority out of the eurozone, which will only wait for the decision of others.” (Starostové a nezávislí, 2017)

Figure 94 - Structure of STAN's political arguments (as a nr. of quotations per each code)



Source: Own creation.

Conclusion

The research has shown that the economic dimension of argumentation dominates each party's position towards the euro except SPD. Of all the 396 extracted quotations of all parties, 59% were identified as economic, 37% as political and 4% as socio-cultural. All in all, we can derive the following conclusions about each party.

ANO is a party that has moved from slight skepticism towards the euro to strong skepticism in the recent years. Although there are few politicians in the movement that still acknowledge a possible euro adoption under certain circumstances, ANO's argumentation is ultimately formed by the chairman Andrej Babiš, whose opinions are the same that can be found in the political program. When speaking of the euro, ANO hardly ever recognizes any advantages and rises mainly three recurrent arguments against the adoption – high indebtedness of countries in the south of the eurozone, a costly and a badly functioning stability mechanism and the disadvantages of a single monetary policy.

ODS's argumentation is similar to that of ANO, except its position has been consistent already since the accession to the EU in 2004 and it is even more strongly against a potential euro adoption. Judging from the reviewed sources, there are currently no Civic Democrats that would support the euro or speak positively about it and none of ODS's quotations referred to any possible advantages that the single currency could bring. As well as ANO's politicians, the Civic Democrats are mainly concerned by the situation in the southern European countries and they oppose the idea to contribute to the stability mechanism. Moreover, they form the strongest voice that advocates organizing a referendum on the euro adoption.

The Pirates stand somewhere in the middle of all the reviewed parties. They do not oppose the euro, but at the same time do not call for a fast adoption. Generally, they do not view it as an important topic and do not extensively speak about the euro in the public media, but in their political program, they present a reasonably balanced argumentation and propose a list of reforms that have to be taken before the single currency can be adopted.

SPD, as together with ODS, is the biggest opposer of the euro adoption, but its argumentation is generally simpler and disordered. When speaking against the single currency, its politicians argue with quite clear economic disadvantages, but also add strong political and sociocultural dimensions to their arguments. As the only of the reviewed political subjects, SPD distinctly recognizes the euro as a threat to society and its identity.

On its website, **KSČM** provides even a more balanced and profound position on the euro than the Pirates, which clearly recognizes both the advantages and the disadvantages as well as other aspects regarding the euro adoption, such as the degree of economic alignment of the Czech and the eurozone economies and the fulfillment of the Maastricht criteria. The majority of its active politicians, however, have a clearly negative position towards the euro and call for a possible referendum on its adoption or rejection as well as ODS or SPD.

ČSSD is the strongest party that supports the euro of all the reviewed subjects. Being a counterpart of ODS, the Social Democrats argue strongly and consistently in favor of the single currency over the years, but they provide a more balanced and extensive argumentation. As main benefits, they see improved conditions for businesses as well as ordinary citizens, but they also recognize potential disadvantages.

KDU-ČSL can be considered slightly less supportive of the euro than ČSSD, but primarily it favors its adoption. Its main criticism concerns the indebtedness and structural differences of the southern eurozone countries.

TOP 09, being the most pro-European party, can also be considered the biggest supporter of the euro of all the parliamentary political subjects. Its argumentation indisputably favors the adoption of the single currency both from the economic and political perspective. It is one of the parties that recognizes a threat in the possible division of Europe into two integration streams.

STAN is the smallest of the parliamentary parties and a subject that has the biggest proportion of political arguments when speaking of the euro. As well as the previous three parties, it favors to enter the core of the EU by adopting the single currency and warns of being left in the periphery.

Bibliography

Organisation of Eastern Caribbean States. (© 2016). *About the OECS*. Retrieved from Organisation of Eastern Caribbean States: <https://www.oecs.org/homepage/about-us>

ANO. (2017). *Ted' nebo nikdy*. Retrieved from ANO bude líp: <https://www.anobudelip.cz/cs/volby/program/>

Babiš, A. (2015, 6 1). *ANO (Facebook)*. Retrieved from Facebook: <https://www.facebook.com/anobudelip/photos/a.294102547326652/828146967255538/?type=3&theater>

Blesk.cz. (2017, 10 9). „*Jen blázni jsou pro odchod z EU. Sobotka varoval před sebevraždou a chce euro*“. Retrieved from Blesk.cz: <https://www.blesk.cz/clanek/zpravy-politika/498855/jen-blazni-jsou-pro-odchod-z-eu-sobotka-varoval-pred-sebevrazdou-a-chce-euro.html>

Blesk.cz. (2017, 6 1). „*Všechno nám zdraží. Kalousek chce zbořit mýtus, Babiš euro tvrdě odmítá*“. Retrieved from Blesk.cz: <https://www.blesk.cz/clanek/volby-volby-2017/472667/vsechno-nam-zdrazi-kalousek-chce-zborit-mytus-babis-euro-tvrde-odmita.html>

Blesk.cz. (2017, 10 18). *Hádka o euro, řecký dluh i Klause: Politici se v debatě cupovali, kdo byl za žvanila?* Retrieved from Blesk.cz: <https://www.blesk.cz/clanek/volby-volby-2017/500680/hadka-o-euro-recky-dluh-i-klause-politici-se-v-debate-cupovali-kdo-byl-za-zvanila.html>

Blesk.cz. (2017, 5 19). *Musíme do „rychlejší“ EU, chce Jourová. A potřebujeme euro, volá Špidla*. Retrieved from Blesk.cz: <https://www.blesk.cz/clanek/zpravy-politika/470100/musime-do-rychlejsi-eu-chce-jourova-a-potrebujeme-euro-vola-spidla.html>

Blesk.cz. (2017, 9 21). *Poslanci se dohadovali, kdy přijmout euro: S novou měnou přijdou i dluhy, zaznělo*. Retrieved from Blesk.cz: <https://www.blesk.cz/clanek/zpravy-politika/495207/poslanci-se-dohadovali-kdy-prijmout-euro-s-novou-menou-prijdou-i-dluhy-zaznelo.html>

BusinessDictionary. (© 2018). *Open economy*. Retrieved from <http://www.businessdictionary.com/definition/open-economy.html>

Claire Felter, D. R. (2018, 9 10). *Mercosur: South America's Fractious Trade Bloc*. Retrieved from Council On Foreign Relations: <https://www.cfr.org/backgrounder/mercosur-south-americas-fractious-trade-bloc>

Czech Government, Czech National Bank. (© 2003 - 2018). *Euro area accession*. Retrieved from CNB: https://www.cnb.cz/en/monetary_policy/strategic_documents/emu_accession.html

Český Rozhlas. (2017). *Parlamentní volby 2017*. Retrieved from iROZHLAS: <https://www.irozhlas.cz/volby/parlamentni-volby-2017>

ČSSD. (2017). *Dobrá země pro život*. Retrieved from ČSSD: <https://www.cssd.cz/data/files/program-210x210-seda.pdf>

ČT. (2014, 5 2). *Euro v ČR: Česká suverenita a Republika jsou proti, Piráti chtějí referendum*. Retrieved from ČT: <https://ct24.ceskatelevize.cz/archiv/1036050-euro-v-cr-ceska-suverenita-a-republika-jsou-proti-pirati-chteji-referendum>

- ČT. (2017, 9 27). *Farský: Česko má obrovský prostor v digitalizaci, řada zemí už nás předběhla*. Retrieved from ČT: <https://ct24.ceskatelevize.cz/domaci/2254801-farsky-cesko-ma-obrovsky-prostor-v-digitalizaci-rada-zemi-uz-nas-predbehla>
- ČT. (2017, 10 4). *Ivan Bartoš: Lidé nevědí, kolik peněz si vydělají. Daně musíme zjednodušit*. Retrieved from ČT: <https://ct24.ceskatelevize.cz/specialy/volby-2017-programove-postoje-stran/2261998-ivan-bartos-lide-nevedi-kolik-penez-si-vydelaji>
- ČT. (2017, 10 10). *Jurečka: Mladé rodiny mají problém dostat hypotéku. Stát by jim měl pomoci*. Retrieved from ČT: <https://ct24.ceskatelevize.cz/domaci/2268700-jurecka-mlade-rodiny-maji-problem-dostat-hypoteku-stat-jim-mel-pomoci>
- ČTK. (2018, 7 11). *Sledovanost České televize vzrostla. Barrandov se naopak propadl, už má jen sedmiprocentní podíl*. Retrieved from Hospodářské noviny: <https://domaci.ihned.cz/c1-66190380-sledovanost-ceske-televize-vzrostla-barrandov-se-naopak-propadl-uz-ma-jen-sedmiprocentni-podil>
- Department of Commerce, Government of India. (2003). *PREFERENTIAL TRADE AGREEMENT BETWEEN THE REPUBLIC OF INDIA AND THE TRANSITIONAL ISLAMIC STATE OF AFGHANISTAN*. Retrieved from Department of Commerce, Government of India: <http://commerce.gov.in/PageContent.aspx?Id=44>
- Dolejš, J. (2018, 4 18). *Brifink poslanců KSČM k jednání sněmovny - 17. 4. 2018*. Retrieved from KSČM: <https://www.kscm.cz/cs/aktualne/aktuality/brifink-poslancu-kscm-k-jednani-snemovny-17-4-2018>
- Economics Online. (© 2018). *Economic integration*. Retrieved from Economics Online: http://www.economicsonline.co.uk/Global_economics/Economic_integration.html
- Ekonom Ihned. (2017, 7 26). *Euro dorazí do Česka nejdříve za sedm let. Po volebním úspěchu sahají jeho odpůrci Babiš, komunisté a ODS*. Retrieved from Ekonom Ihned: <https://ekonom.ihned.cz/c1-65825820-koruna-vyhra-nad-eurem>
- Electoral Geography. (© 2007). *Electoral Geography 2.0, Mapped politics*. Retrieved from Electoral Geography: <https://www.electoralgeography.com/new/en/countries/s/sweden/sweden-euro-referendum-2003.html>
- European Commission. (2015). *One currency For One Europe*. Luxembourg: Publications Office of the European Union.
- European Commission. (2018). *Flash Eurobarometer 465 - April 2018*. © European Union.
- European Parliament. (1998). *I. Optimum Currency Areas*. Retrieved from European Parliament: http://www.europarl.europa.eu/workingpapers/econ/104/chap1_en.htm
- Facebook. (2017). *Tomio Okamura: Sobotka tlačí na přijetí eura*. Retrieved from Facebook: [https://www.facebook.com/tomio.cz/videos/1750764321601042/?__xts__\[0\]=68.ARB5WXS9ZQV1m1yoRW5_AvQFCwx4cD3GrBVXUAY7fSLfagl2q8fBMxtR-EHZMqoXQK9tKWlhQ57sSK4AiS3qEOpRUFdG0IkCrvFhtOzk9uXeuFP7qzaRTlg0it1c7wkSFuZp_D59_ITfwEPBiVra0wBYLX850-9h0jBV2fpw08uaK9_9fAzpZJX](https://www.facebook.com/tomio.cz/videos/1750764321601042/?__xts__[0]=68.ARB5WXS9ZQV1m1yoRW5_AvQFCwx4cD3GrBVXUAY7fSLfagl2q8fBMxtR-EHZMqoXQK9tKWlhQ57sSK4AiS3qEOpRUFdG0IkCrvFhtOzk9uXeuFP7qzaRTlg0it1c7wkSFuZp_D59_ITfwEPBiVra0wBYLX850-9h0jBV2fpw08uaK9_9fAzpZJX)
- Fiala, P. (2015, 7 9). *Eurozóna je v současné podobě neudržitelná*. Retrieved from ODS: <https://www.ods.cz/clanek/9994-eurozona-je-v-soucasne-podobe-neudrzitelna>

- Grant, C. (2017, 7 11). *Fast forward to two-speed Europe*. Retrieved from Politico:
<https://www.politico.eu/article/fast-forward-to-two-speed-europe/>
- Horák, J. (2018, 9 19). *Vyváženost zpravodajství ČT? 98 procent, plyne z analýzy. Měla by být kritičtější k EU, míní expert*. Retrieved from Lidovky.cz:
https://www.lidovky.cz/byznys/media/vyvazenost-zpravodajstvi-ct-98-procent-tvrdi-analyza-je-to-slozitejsi-upozornuje-expert.A180903_112226_ln_domov_jho
- Hospodářské noviny. (© 2018). *Hospodářské noviny*. Retrieved from Hospodářské noviny:
<http://economia.ihned.cz/inzerce/hospodarske-noviny/>
- Hospodářské noviny. (2017, 6 1). *Babiš se brání zavedení eura, Česko by přišlo o nástroj proti krizím, říká. Stále nevyloučil kandidáta ANO na prezidenta*. Retrieved from Hospodářské noviny:
<https://domaci.ihned.cz/c1-65751130-babis-se-brani-zavedeni-eura-podle-nej-by-s-nim-cesko-prislo-o-nastroj-proti-krizim>
- Hsiu-Fang Hsieh, S. E. (2005, 11 1). *Three Approaches to Qualitative Content Analysis*. Retrieved from SAGE Journals:
<https://journals.sagepub.com/doi/abs/10.1177/1049732305276687?journalCode=qhra>
- iDNES. (2015, 2 24). *Mach sbírá podpisy, aby euro bylo jen dobrovolné. Získal i Kellera*. Retrieved from iDNES: https://zpravy.idnes.cz/mach-sbira-podpisy-aby-euro-bylo-jen-dobrovolne-ziskal-i-kellera-p8c-/domaci.aspx?c=A150224_100030_domaci_kop
- Ihned. (2017, 10 19). *Euro - pro a proti. Jak se politické strany stavějí k přijetí společné měny*. Retrieved from Ihned: <https://infografiky.ihned.cz/euro-anketa/r~537207d6b4a511e7aacd0025900fea04/>
- Investopedia. (2017, 12 14). *Balance of Payments*. Retrieved from Investopedia:
<https://www.investopedia.com/terms/b/bop.asp>
- InvestorGuide. (© 2018). *Asymmetric shock*. Retrieved from InvestorGuide:
<http://www.investorguide.com/definition/asymmetric-shock.html>
- Jennifer Jager, K. A. (2013). *The Optimum Currency Area Theory and the EMU*. Retrieved from Intereconomics: <https://archive.intereconomics.eu/year/2013/5/the-optimum-currency-area-theory-and-the-emu/>
- KDU-ČSL. (2015, 9 22). *Česko splňuje všechna kritéria pro přijetí eura*. Retrieved from KDU-ČSL:
<https://www.kdu.cz/aktualne/archiv/2015/cesko-splnuje-vsechna-kriteria-pro-prijeti-eura>
- Klaus Schwab, W. E. (2017). *The Global Competitiveness Report 2017 - 2018*. Geneva: World Economic Forum.
- Marie Bydžovská, L. P. (2016, 1 26). *Jaké jsou výhody a nevýhody eura? Anketa mezi europoslanci*. Retrieved from Euroskop: <https://www.euroskop.cz/8801/26864/clanek/jake-jsou-vyhody-a-nevyhody-eura-anketa-mezi-europoslanci/>
- MediaGuru. (2018, 2 8). *Nejčtenější je Blesk, za rok si polepšily deníky zdarma*. Retrieved from MediaGuru: <https://www.mediaguru.cz/clanky/2018/02/nejctenejsi-je-blesk-za-rok-si-polepsily-deniky-zdarma/>
- Median. (2018). *Volební model - červen 2018 až listopad 2018*. Retrieved from Median:
<http://showme.median.cz/snemovni-volby/#/model>

- Ministerstvo průmyslu a obchodu. (2018). *PANORAMA ZPRACOVATELSKÉHO PRŮMYSLU ČR 2017*. Praha: Ministerstvo průmyslu a obchodu.
- Miriam S. Allam, A. G. (2008). *Adopting the Euro in Post-Communist Countries*. Cologne: Max Planck Institute for the Study of Societies.
- Mundell, R. A. (1961). A Theory of Optimum Currency Areas. *The American Economic Review*, 657-665.
- Niedermayer, L. (2017, 6 20). *Přijetí eura brání pouze odvaha rozhodnout se*. Retrieved from TOP09: <https://www.top09.cz/co-delame/komentare/prijeti-eura-brani-pouze-odvaha-rozhodnout-se-22693.html>
- Nobel Prize. (© 2018). *Robert Mundell Facts*. Retrieved from Nobel Prize: <https://www.nobelprize.org/prizes/economics/1999/mundell/facts/>
- Odborné zázemí ÚV KSČM. (2018, 4 10). *Postoj KSČM k přijetí eura v ČR*. Retrieved from KSČM: <https://www.kscm.cz/cs/aktualne/medialni-vystupy/temata/postoj-kscm-k-prijeti-eura-v-cr>
- ODS. (2013). *Volební program*. Retrieved from ODS: <https://www.ods.cz/docs/programy/volebni-program-2013.pdf>
- ODS, ECR. (2017). *SILNÉ ČESKO V EVROPĚ 21. STOLETÍ*. Retrieved from ODS: https://www.ods.cz/docs/volby2017/silne_cesko_v_evrope_21_stoleti.pdf
- Okamura, T. (2017, 10 2). *Kritika Pirátů*. Retrieved from Facebook: <https://www.facebook.com/tomio.cz/photos/a.185333081477515/1764105480266926/?type=1&theater>
- Parížek, M. (2011). Identities, Not Money: CEE Countries' Attitudes to the Euro. *Central European Journal of International and Security Studies*, 115 - 135.
- Piráti. (2017, 10 3). *Postoj Pirátů k přijetí Eura v ČR*. Retrieved from Piráti: <https://www.pirati.cz/tiskove-zpravy/stanovisko-k-euru.html>
- Poc, P. (2018, 1 18). *N(euro)za*. Retrieved from ČSSD: <https://www.cssd.cz/aktualne/blogy/n-euro-za/>
- Řápek, J. (2017, 11 8). *Kauza Čapí hnízdo přehledně: kvůli čemu chce policie stíhat Babiše a Faltýnka*. Retrieved from iROZHLAS: https://www.irozhlas.cz/zpravy-domov/o-co-jde-v-kauze-capi-hnizdo-prehledne-od-roku-2006-do-dneska_1708110630_jra
- SACU. (© 2013). *ABOUT SACU*. Retrieved from SACU: <http://www.sacu.int/show.php?id=394>
- Sobotka, B. (2016, 1 29). *B. Sobotka: Naše členství v eurozóně je klíčové pro strategický hospodářský rozvoj České republiky*. Retrieved from ČSSD: <https://www.cssd.cz/aktualne/aktuality/projev-predsedy-vlady-b-sobotky-na-konferenci-prijeti-spolecne-evropske-meny-v-cr-prinosy-a-rizika/>
- SPD. (2017, 10 2). *Radek Rozvorál: Konec diktátu EU. Odejeme po anglicku*. Retrieved from SPD: <https://www.spd.cz/novinky/radek-rozvorál-konec-diktátu-eu-odejdeme-po-anglicku>
- SPD. (2017, 5 24). *Tomio Okamura: Vláda chce euro pro ČR*. Retrieved from SPD: <https://www.spd.cz/novinky/tomio-okamura-vlada-chce-euro-pro-cr>
- SPD. (2017, 6 16). *Tomio Okamura: Zprávy SPD TV 16. vysílání*. Retrieved from SPD: <https://www.spd.cz/novinky/tomio-okamura-zpravy-spd-tv-16-vysilani>

- STAN. (2017). *PROGRAM STAN 2017*. Retrieved from STAN.cz: https://www.starostove-nezavisli.cz/fmfile/0/files/volby17/STAN_program_17_final.pdf
- Starostové a nezávislí. (2017, 6 7). *STAN Facebook*. Retrieved from STAN Facebook: <https://www.facebook.com/starostove/photos/a.419017619327/10155331973149328/?type=3&theater>
- Study.com. (© 2003-2018). *The Impact of Currency Appreciation & Depreciation on Unemployment*. Retrieved from Study.com: <https://study.com/academy/lesson/the-impact-of-currency-appreciation-depreciation-on-unemployment.html>
- The Editors of Encyclopaedia Britannica. (©2018). *Andean Community*. Retrieved from Encyclopaedia Britannica: <https://www.britannica.com/topic/Andean-Community>
- The European Central Bank (ECB). (Copyright 2018). *About*. Retrieved from The European Central Bank (ECB): <https://www.ecb.europa.eu/ecb/html/index.en.html>
- The World Bank. (© 2018). *Ease of doing business in the Czech Republic*. Retrieved from The World Bank: http://www.doingbusiness.org/en/data/exploreconomies/czech-republic#DB_sb
- TOP09. (2017). *Volební program*. Retrieved from TOP 09: https://www.top09.cz/files/soubory/volebni-program-2017-do-poslanecke-snemovny_1717.pdf
- Tůma, O. (2017, 6 2). *Očima expertů: Hurá, euro!* Retrieved from Peníze.cz: <https://www.penize.cz/kurzy-men/323851-ocima-expertu-hura-euro!>
- Wikipedia. (2018, 12 3). *ANO 2011*. Retrieved from Wikipedia: https://en.wikipedia.org/wiki/ANO_2011
- Wikipedia. (2018, 11 28). *Civic Democratic Party (Czech Republic)*. Retrieved from Wikipedia: [https://en.wikipedia.org/wiki/Civic_Democratic_Party_\(Czech_Republic\)](https://en.wikipedia.org/wiki/Civic_Democratic_Party_(Czech_Republic))
- Wikipedia. (2018, 12 10). *Communist Party of Bohemia and Moravia*. Retrieved from Wikipedia: https://en.wikipedia.org/wiki/Communist_Party_of_Bohemia_and_Moravia
- Wikipedia. (2018, 12 10). *Czech Pirate Party*. Retrieved from Wikipedia: https://en.wikipedia.org/wiki/Czech_Pirate_Party
- Wikipedia. (2018, 11 7). *Czech Social Democratic Party*. Retrieved from Wikipedia: https://en.wikipedia.org/wiki/Czech_Social_Democratic_Party
- Wikipedia. (2018, 11 27). *Freedom and Direct Democracy*. Retrieved from Wikipedia: https://en.wikipedia.org/wiki/Freedom_and_Direct_Democracy
- Wikipedia. (2018, 11 12). *Christian and Democratic Union – Czechoslovak People's Party*. Retrieved from Wikipedia: https://en.wikipedia.org/wiki/Christian_and_Democratic_Union_%E2%80%93_Czechoslovak_People%27s_Party
- Wikipedia. (2018, 12 10). *Liberal conservatism*. Retrieved from Wikipedia: https://en.wikipedia.org/wiki/Liberal_conservatism
- Wikipedia. (2018, 10 14). *Mayors and Independents*. Retrieved from Wikipedia: https://en.wikipedia.org/wiki/Mayors_and_Independents

- Wikipedia. (2018, 12 6). *Participatory democracy* . Retrieved from Wikipedia:
https://en.wikipedia.org/wiki/Participatory_democracy
- Wikipedia. (2018, 12 5). *TOP 09*. Retrieved from Wikipedia: https://cs.wikipedia.org/wiki/TOP_09
- Your dictionary. (© 1996-2018). *Restrictive monetary policy* . Retrieved from Your dictionary:
<https://www.yourdictionary.com/restrictive-monetary-policy>
- Zahradil, J. (2013, 12 20). *Jan Zahradil: Konec koruny musejí schválit občané v referendu*. Retrieved from ODS: <https://www.ods.cz/clanek/6321-konec-koruny-museji-schvalit-obcane-v-referendu>
- Zeman, J. (2016, 9 9). *Krachující Evropská unie a Česká republika*. Retrieved from KSČM:
<https://www.kscm.cz/cs/aktualne/fakta-argumenty/krachujici-evropska-unie-ceska-republika>

Table of figures

Figure 2 - Increase in demand for bicycles in country Z (source: own creation)	15
Figure 2 - Increase in demand for bicycles in country Z (source: own creation)	15
Figure 2 - Decrease in demand for cars in country X (source: own creation)	15
Figure 2 - Decrease in demand for cars in country X (source: own creation)	15
Figure 3 - Nominal CZK/EUR exchange rate	23
Figure 3 - Nominal CZK/EUR exchange rate	23
Figure 4 - Sectoral structure of the economy in 2016 in selected countries (in % of gross value added)	25
Figure 4 - Sectoral structure of the economy in 2016 in selected countries (in % of gross value added)	25
Figure 5 - Real GDP growth in the Czech Republic and the euro area (year-on-year, seasonally adjusted, in %)	26
Figure 5 - Real GDP growth in the Czech Republic and the euro area (year-on-year, seasonally adjusted, in %)	26
Figure 6 - Average annual wage in 2016 in selected countries (euro area = 100)	27
Figure 6 - Average annual wage in 2016 in selected countries (euro area = 100)	27
Figure 7 - Shares of imports and exports with the euro area in 2017 in selected countries (in % of total imports and exports)	28
Figure 7 - Shares of imports and exports with the euro area in 2017 in selected countries (in % of total imports and exports)	28
Figure 8 - Global Competitiveness Index in selected countries in 2017 - 2018	29
Figure 8 - Global Competitiveness Index in selected countries in 2017 - 2018	29
Figure 9 - Average hours worked per employee in the Czech Republic (annual % changes, contributions in % points)	30
Figure 9 - Average hours worked per employee in the Czech Republic (annual % changes, contributions in % points)	30
Figure 10 - Fiscal positions in the euro area and the euro area and the Czech Republic in 2016 (in % of GDP)	34
Figure 10 - Fiscal positions in the euro area and the euro area and the Czech Republic in 2016 (in % of GDP)	34

Figure 11 - Adopting the euro will mean that the Czech Republic will lose a part of its identity	37
Figure 11 - Adopting the euro will mean that the Czech Republic will lose a part of its identity	37
Figure 12 - Sample quotation from the political program of the Pirate party	38
Figure 12 - Sample quotation from the political program of the Pirate party	38
Figure 13 - Czech Chamber of Deputies by party affiliation (calculated as the nr. of deputies per each party)	42
Figure 13 - Czech Chamber of Deputies by party affiliation (calculated as the nr. of deputies per each party)	42
Figure 14 - Composition of ANO's quotations that speak "FOR" or "AGAINST" the euro adoption, or that are "NEUTRAL" to it (as a % of total ANO's quotations)	44
Figure 14 - Composition of ANO's quotations that speak "FOR" or "AGAINST" the euro adoption, or that are "NEUTRAL" to it (as a % of total ANO's quotations)	44
Figure 15 - Composition of ANO's quotations by the dimension of its argumentation (as % of total ANO's quotations)	44
Figure 15 - Composition of ANO's quotations by the dimension of its argumentation (as % of total ANO's quotations)	44
Figure 16 - Structure of ANO's economic arguments (as nr. of total ANO's quotations coded as economic).....	45
Figure 16 - Structure of ANO's economic arguments (as nr. of total ANO's quotations coded as economic).....	45
Figure 17 - Structure of ANO's political arguments (as a nr. of quotations per each code)	46
Figure 17 - Structure of ANO's political arguments (as a nr. of quotations per each code)	46
Figure 18 - Composition of ODS's quotations that speak "FOR" or "AGAINST" the euro adoption, or that are "NEUTRAL" to it (as % of the total ODS's quotations)	47
Figure 18 - Composition of ODS's quotations that speak "FOR" or "AGAINST" the euro adoption, or that are "NEUTRAL" to it (as % of the total ODS's quotations)	47
Figure 19 - Composition of ODS's quotations (as % of ODS's total quotations).....	48
Figure 19 - Composition of ODS's quotations (as % of ODS's total quotations).....	48
Figure 20 - Structure of ODS's economic argumentation (as a % of total quotations coded as economic).....	49
Figure 20 - Structure of ODS's economic argumentation (as a % of total quotations coded as economic).....	49
Figure 21 - Structure of ODS' political arguments (as a nr. of quotations per each code)	50
Figure 21 - Structure of ODS' political arguments (as a nr. of quotations per each code).....	50
Figure 22 - Composition of the Pirates' quotations that speak "FOR" or "AGAINST" the euro adoption, or that are "NEUTRAL" to it (as % of Pirate's total quotations).....	51
Figure 22 - Composition of the Pirates' quotations that speak "FOR" or "AGAINST" the euro adoption, or that are "NEUTRAL" to it (as % of Pirate's total quotations).....	51
Figure 23 - Composition of Pirates' quotations by the dimension of argumentation (as % of total Pirates' quotations)	52
Figure 23 - Composition of Pirates' quotations by the dimension of argumentation (as % of total Pirates' quotations)	52
Figure 24 - Structure of Pirates' economic arguments (as a % of total quotations coded as economic).....	53
Figure 24 - Structure of Pirates' economic arguments (as a % of total quotations coded as economic).....	53
Figure 25 - Structure of Pirates' political arguments (as a nr. of total Pirates' quotations coded as political)	54

Figure 25 - Structure of Pirates' political arguments (as a nr. of total Pirates' quotations coded as political)	54
Figure 26 - Composition of the SPD's quotations that speak "FOR", "AGAINST" or are "NEUTRAL" to it (as a % of total SPD's quotations)	55
Figure 26 - Composition of the SPD's quotations that speak "FOR", "AGAINST" or are "NEUTRAL" to it (as a % of total SPD's quotations)	55
Figure 27 - Composition of SPD's quotations by the dimensions of argumentation (as % of total SPD's quotations)	55
Figure 27 - Composition of SPD's quotations by the dimensions of argumentation (as % of total SPD's quotations)	55
Figure 28 - Structure of SPD's economic arguments (as a % of total SPD's quotations coded as economic)	56
Figure 28 - Structure of SPD's economic arguments (as a % of total SPD's quotations coded as economic)	56
Figure 29 - Structure of SPD's political arguments (as nr. of SPD's quotations per each code)	57
Figure 29 - Structure of SPD's political arguments (as nr. of SPD's quotations per each code)	57
Figure 30 - Composition of KSČM's quotations by dimensions of argumentation (as a % of total KSČM's quotations)	59
Figure 30 - Composition of KSČM's quotations by dimensions of argumentation (as a % of total KSČM's quotations)	59
Figure 31 - Decomposition of KSČM's economic arguments (as a % of total KSČM's quotations coded as economic)	60
Figure 31 - Decomposition of KSČM's economic arguments (as a % of total KSČM's quotations coded as economic)	60
Figure 32 - Structure of KSČM's political arguments (as a nr. of quotations per each code)	61
Figure 32 - Structure of KSČM's political arguments (as a nr. of quotations per each code)	61
Figure 33 - Composition of ČSSD's quotations that speak "FOR" or "AGAINST" the euro adoption, or that are "NEUTRAL" to it (as a % of total ČSSD's quotations)	62
Figure 33 - Composition of ČSSD's quotations that speak "FOR" or "AGAINST" the euro adoption, or that are "NEUTRAL" to it (as a % of total ČSSD's quotations)	62
Figure 34 - Composition of ČSSD's quotations by dimensions of argumentation (as % of ČSSD's total quotations)	62
Figure 34 - Composition of ČSSD's quotations by dimensions of argumentation (as % of ČSSD's total quotations)	62
Figure 35 - Decomposition of ČSSD's economic arguments (as a % of total ČSSD's quotations coded as economic)	63
Figure 35 - Decomposition of ČSSD's economic arguments (as a % of total ČSSD's quotations coded as economic)	63
Figure 36 - Structure of ČSSD's political arguments (as a nr. of quotations per each code)	64
Figure 36 - Structure of ČSSD's political arguments (as a nr. of quotations per each code)	64
Figure 37 - Composition of KDU-ČSL's quotations that speak "FOR" or "AGAINST" the euro adoption, or that are "NEUTRAL" to it (as a % of KDU-ČSL's total quotations)	65
Figure 37 - Composition of KDU-ČSL's quotations that speak "FOR" or "AGAINST" the euro adoption, or that are "NEUTRAL" to it (as a % of KDU-ČSL's total quotations)	65
Figure 38 - Composition of KDU-ČSL's quotations by the dimension of argumentation (as % of KDU-ČSL's total quotations)	66
Figure 38 - Composition of KDU-ČSL's quotations by the dimension of argumentation (as % of KDU-ČSL's total quotations)	66

Figure 39 - Decomposition of KDU-ČSL's economic arguments (as a % of total KDU-ČSL's quotations coded as economic)	66
Figure 39 - Decomposition of KDU-ČSL's economic arguments (as a % of total KDU-ČSL's quotations coded as economic)	66
Figure 40 - Structure of KDU-ČSL's political arguments (as a nr. of quotations per each code)	67
Figure 40 - Structure of KDU-ČSL's political arguments (as a nr. of quotations per each code)	67
Figure 41 - Composition of TOP 09's quotations that speak "FOR" or "AGAINST" the euro adoption, or that are "NEUTRAL" to it (as a % of total TOP 09's quotations)	68
Figure 41 - Composition of TOP 09's quotations that speak "FOR" or "AGAINST" the euro adoption, or that are "NEUTRAL" to it (as a % of total TOP 09's quotations)	68
Figure 42 - Composition of TOP 09's quotations by the dimensions of argumentation (as % of total TOP 09's quotations)	68
Figure 42 - Composition of TOP 09's quotations by the dimensions of argumentation (as % of total TOP 09's quotations)	68
Figure 43 – Structure of TOP 09's economic arguments (as a % of total TOP 09's quotations coded as economic)	69
Figure 43 – Structure of TOP 09's economic arguments (as a % of total TOP 09's quotations coded as economic)	69
Figure 44 - Structure of TOP 09's political arguments (as a nr. of quotations per each code)	70
Figure 44 - Structure of TOP 09's political arguments (as a nr. of quotations per each code)	70
Figure 45 - Composition of STAN's quotations that speak "FOR" or "AGAINST" the euro adoption, or that are "NEUTRAL" to it (as % of total STAN's quotations)	71
Figure 45 - Composition of STAN's quotations that speak "FOR" or "AGAINST" the euro adoption, or that are "NEUTRAL" to it (as % of total STAN's quotations)	71
Figure 46 - Composition of STAN's quotations by dimensions of argumentation (as % of total STAN's quotations)	72
Figure 47 - Decomposition of STAN's economic arguments (as a % of STAN's total quotations coded as economic)	72
Figure 47 - Decomposition of STAN's economic arguments (as a % of STAN's total quotations coded as economic)	72
Figure 48 - Structure of STAN's political arguments (as a nr. of quotations per each code)	73
Figure 48 - Structure of STAN's political arguments (as a nr. of quotations per each code)	73
 Table 1 - Maastricht convergence criteria	14
Table 2 - Harmonized index of consumer prices (average for last 12 months vs. average for previous 12 months as of end of period; growth in %)	21
Table 3 - Government deficit (as % of GDP)	22
Table 4 - Government debt (as % of GDP)	22
Table 5 - Long-term interest rates on government bonds (yields on government bonds with residual maturity of 10 years; 12-month average; in %)	23
Table 6 - GDP per capita at purchasing power parity (as % of the euro area average; euro area = 100).....	26
Table 7 - Average price level of GDP (as % of the euro area average; euro area = 100).....	27
Table 8 - Internal migration (as % of the population that changed permanent residence in the respective year)	31
Table 9 - Share of foreign nationals in the country (as % of total population, permanent residence of 12 months and longer)	31
Table 10 - Age-related government expenditures (in % of GDP)	32

Table 11 - Shares of mandatory expenditure in total state budget expenditure (in %)	33
Table 12 - Number of quotations and number of sources used per each political party	41