

Summary

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“Real Exchange Rates, Structural Reforms
and Monetary Union”

The paper addresses the question what effects the enlargement of a monetary union will have on necessary structural reforms in member countries with high and low degrees of distortions. I show that monetary union has asymmetric effects on reform efforts and under what circumstances governments increase their reform efforts. Depending on asymmetries in the degrees of distortions, the stance of monetary policy, and countries' openness, one could expect convergence or divergence in reform efforts. (JEL E61, E63, F33)