

Post-Communist Economies >

Volume 17, 2005 - [Issue 2](#)

56 | 2 | 0
Views | CrossRef citations to date | Altmetric

Original Articles

Overvalued or Undervalued Euroland Entry?

Jens Hölscher & Mariusz Jarmużek

Pages 235-250 | Published online: 23 Jan 2007

 Cite this article  <https://doi.org/10.1080/14631370500104968>

Sample our
Social Sciences
Journals
>> [Sign in here](#) to start your access
to the latest two volumes for 14 days

 Full Article

 Figures & data

 References

 Citations

 Metrics

 Reprints & Permissions

Read this article

Share

Abstract

This study addresses the question of the conversion rate upon joining the European Union with respect to the accession countries of Eastern Europe. The article argues in favour of an undervalued exchange rate in order to promote income generation in the new member countries. For this purpose a strategy of managed float is proposed. Countries not having the preconditions to pursue such a strategy should adopt a currency board arrangement.

[← Previous article](#)

[View issue table of contents](#)

[Next article >](#)

Notes

Dr Jens Hölscher, Reader in Economics, Brighton Business School, Mithras House, Lewes Road, Brighton BN2 4AT, UK. E-mail: j.holscher@bton.ac.uk.

Mariusz Jarmużek, Queen Mary College, University of London and National Bank of Poland and CASE, Warsaw. E-mail: m.jarmuzek@qmul.ac.uk.

This study was carried out in collaboration with ACE-Project Nr. P98-1065-R, 'Monetary and Exchange Rate Strategies related to the Current European Union's Enlargement Process'.

Parts of this study were written during Hölscher's research stay at the Halle Institute for Economic Research. Stimulating discussions with staff, in particular Hubert Gabrisch, Axel Brüggemann, Bogdan Gorokhovski, Thomas Linne and Johannes Stephan as well as financial support are gratefully acknowledged. The views expressed are those of the authors and do not necessarily reflect those of the National Bank of Poland.

1. The original ERM-II system worked under the conditions of partly symmetrical economies with one dominant player in Frankfurt, whereas now a number of relatively small economies are entering an economic mega-bloc. The original regulations on intervention are seen as in particular need of inflation adjustment and revision.
2. The author's anecdotal evidence points to ski-lifts in Zakopane imported from Austria.
3. This 'Balassa-Samuelson effect' features prominently in the transition literature despite the fact that it is a long-run (based on PPP for tradable goods) empirical approach.
4. This is the difference between transition countries and the US, where the Federal Reserve can pursue a policy of income targeting without considering the exchange rate of the US Dollar.
5. 'The Czech National Bank is today intervening on the foreign exchange market with the aim of weakening the Czech Koruna's exchange rate', (Czech National Bank, 4 April 2002).
6. The option of devaluation has been ruled out above anyway. This is the reason why the proposed strategy is labelled here as 'stability oriented undervaluation'.

Additional information

Notes on contributors

Mariusz Jarmużek

Dr Jens Hölscher, Reader in Economics, Brighton Business School, Mithras House, Lewes Road, Brighton BN2 4AT, UK. E-mail: j.holscher@bton.ac.uk.

Mariusz Jarmużek, Queen Mary College, University of London and National Bank of Poland and CASE, Warsaw. E-mail: m.jarmuzek@qmul.ac.uk. This

study was carried out in collaboration with ACE-Project Nr. P98-1065-R,

'Monetary and Exchange Rate Strategies related to the Current European

Union's Enlargement Process'. Parts of this study were written during

Hölscher's research stay at the Halle Institute for Economic Research.

Stimulating discussions with staff, in particular Hubert Gabrisch, Axel

Brüggemann, Bogdan Gorokhovski, Thomas Linne and Johannes Stephan as

well as financial support are gratefully acknowledged. The views expressed

are those of the authors and do not necessarily reflect those of the National

Bank of Poland.

Related research

Recommended articles

Cited by
2

[The wages of peer recovery workers: underpaid, undervalued, and unjust >](#)

Kenneth D. Smith

Critical Public Health

Published online: 18 Apr 2024



[Over worked and undervalued? Knotted tensions of identity, purpose, and change in contemporary higher education >](#)

Richard Bolden et al.

Studies in Higher Education

Published online: 15 Sep 2025



[Oligopoly, collusion, entry and welfare >](#)

Suryaprakash Mishra

European Competition Journal

Published online: 17 Dec 2024

Information for

- [Authors](#)
- [R&D professionals](#)
- [Editors](#)
- [Librarians](#)
- [Societies](#)

Opportunities

- [Reprints and e-prints](#)
- [Advertising solutions](#)
- [Accelerated publication](#)
- [Corporate access solutions](#)

Open access

- [Overview](#)
- [Open journals](#)
- [Open Select](#)
- [Dove Medical Press](#)
- [F1000Research](#)

Help and information

- [Help and contact](#)
- [Newsroom](#)
- [All journals](#)
- [Books](#)

Keep up to date

Register to receive personalised research and resources by email



[Sign me up](#)



Copyright © 2026 Informa UK Limited [Privacy policy](#)

[Cookies](#) [Terms & conditions](#) [Accessibility](#)

Registered in England & Wales No. 01072954
5 Howick Place | London | SW1P 1WG



Taylor & Francis
by **informa** •••