

The issue of monetary integration in Europe is currently hotly debated with very wide-ranging opinions. A clear demonstration of this is the difference in attitudes of Czech Republic and Slovak Republic in the matter of euro adoption. This thesis attempts to identify the reasons behind this difference. For that purpose we chose the following structure. First chapter summarizes pros and cons of a monetary union membership from a theoretical perspective. Second chapter describes the environment of the European Monetary Union and discusses its key features. Third chapter then provides a comprehensive analysis of Czech and Slovak economies in the spirit of the framework established by the previous two chapters. The results are not aligned with the expectations, as the economic performance of Slovakia with respect to monetary integration was not better than that of Czech Republic. We therefore identify alternative driving forces behind differing approaches of Czech Republic and Slovak Republic toward the introduction of euro.