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## Exchange Rate Arrangements

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### Sommario/riassunto

In recent years, recommendations for countries to unilaterally dollarize/eurorize have become common, particularly when the countries lack economic credibility. After exploring the characteristics of dollarizing/eurorizing economies, we look at the merits and costs of unilateral eurorization for Cape Verde, a highly tourism based economy that has become increasingly integrated into the euro-zone area and that has a strong macroeconomic track record. We illustrate that neither the benefits nor the costs of unilateral eurorization are large and conclude that there is no compelling case to change

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