# CONTENTS

**Acknowledgments** vii

1 Introduction and Overview 1

2 Basic Analytical Considerations 13

3 Integration through Trade 27

4 Macroeconomic and Structural Convergence 41

5 Exchange Rate and Monetary Policy Regimes 69

6 Illustrative Monetary Policy Rules 83

7 Institutional Framework, Policy Coordination 107

8 The Path Forward 115

## Appendixes

A Comparing and Contrasting Asia’s and Europe’s Approaches to Economic Integration 121

B Macroeconomic Convergence Criteria for Existing Monetary/Currency Unions 133

C General Equilibrium Analysis of Alternative Exchange Rate and Monetary Policy Regimes 137

D Details on Construction of Data for Analytical Exercises 155

**Notes** 165

**Bibliography** 175

**Index** 183