

Research Summary

Eastern Asian Monetary Integration and the Role of Japan

This report focuses on the theoretical analysis and policy implications of Eastern Asian monetary integration as well as the leading role may be played by Japan, which is the biggest economic player in East Asia. Specifically, the paper analyzes the fundamental elements of monetary integration of Eastern Asia from the trade, investment and economic interdependence of those importance member economies. Based on the theory of Optimum Currency Area, the paper calculates the correlation matrix for Japan and other nine biggest Eastern Asian economies in the fields of inflation and interest rate. Based on the positive study, the paper proposed a two-stage strategy for Japan to promote the monetary integration in East Asia by specifying the different priority and target members in the short-term and in the long-run. Some issues of political economy are also discussed in the paper in order to provide a full picture and diversified scenario of East Asia integration.

Specifically, part one of the report discusses the trends and some fundamental elements related to Eastern Asian integration by positive observation of trade and investment patterns of Eastern Asia. Part two sheds some lights on the monetary integration of East Asia from regional and global perspectives. Part three offers an analysis of political economy of monetary integration of Eastern Asia by studying the economic effects and political effects of the possible monetary integration. Part four discusses the policy implications and priority for Japan and other major Eastern Asian economies in the process of a feasible and stable monetary integration. Based on the correlation matrix, the leader of Asian monetary integration can and should adopt a two-stage dynamic pattern and utilize flexible bilateral and sub-regional methods to promote the integration in Eastern Asia.

Publication of the Results of Research Project:

Verbal Presentation (Date, Venue, Name of Conference, Title of Presentation, Presenter, etc.)

Oct11-12, “Globalisation and Governance” Beijing, hosted (by Peking University), presented by zhixiaoChang, the title is “Eastern Asian Integration and Regional Policy”

Thesis (Name of Journal and its Date, Title and Author of Thesis, etc.)

“Eastern Asian Monetary Integration: Theory and Policy”, Zhixiao Chang, 2006, in China and Eastern Asian Integration, eds by Anguwg Hw, Zhejiang people’s press, China.

Book (Publisher and Date of the Book, Title and Author of the Book, etc.)