

Abstract

Exchange Rate Arrangements for NAFTA:

Patrick M. Crowley and Robin Rowley

Following on from the successful launch of the euro in the European Union, both in Canada and in Mexico a vigorous debate has erupted as to whether NAFTA should also adopt a common currency. Several other types of exchange rate arrangements are also possible for the North American bloc, and the aim of this paper is to evaluate these alternatives. The paper evaluates the full range of possible exchange-rate arrangements for the NAFTA bloc of countries from economic, political and institutional perspectives. The paper identifies ten different exchange rate regimes and evaluates these regimes through the lens of economic growth, international trade, economic integration, credibility of the arrangements, institution-building and political acceptability.

JEL: F15, F30, F49