

Impact of Currency Unions on Trade and Welfare

	% Trade Increase	% Welfare Increase
EMU for current (11) members	58 (12)	11.1 (3.9)
EMU + Greece	59 (12)	11.1 (3.0)
EMU-11 + Greece + Sweden	52 (11)	12.1 (3.3)
EMU + UK	44 (9)	13.8 (3.6)
EMU for all current EU members	40 (8)	14.4 (3.8)
Argentina dollarizes	132 (37)	1.7 (0.5)
Ecuador dollarizes	106 (26)	4.5 (1.4)
El Salvador dollarizes	89 (20)	6.6 (2.0)
Guatemala dollarizes	74 (15)	8.9 (2.6)
Mexico dollarizes	53 (13)	12.4 (3.8)
Canada dollarizes	38 (9)	15.3 (4.3)
Mexico and Canada dollarize	27 (8)	18.4 (5.3)
New Zealand + Australia	125 (35)	2.0 (0.6)
Israel + Palestine	62 (12)	10.1 (2.9)
Existing currency unions	91 (22)	5.0 (1.2)
World monetary union	10 (2)	21.3 (5.1)

Standard errors recorded in parentheses.

Taken from Andrew K Rose and Eric van Wincoop “National Money as a Barrier to Trade: The Real Case for Currency Union” forthcoming *American Economic Review*.