

World Academy of Art & Science — General Assembly at Hyderabad
October 19, 2008 11:00 - 13:00

Money & Global Governance Financing Sustainable Development

Asian Economic Integration through Adoption of an Asian Currency Unit by Abhijit Sen Gupta (abhijitsengupta@gmail.com)

Abstract

One of the outcomes of the Asian financial crisis in 1997 was to strengthen the desire to promote greater economic and monetary cooperation in the region. One of the initiatives is the proposal to establish the Asian Currency Unit (ACU). This will allow economic agents in the region to invoice financial and trade transactions in a common currency and reduce exchange rate risks as well as channel Asia's savings more efficiently within the region. In this paper we evaluate the feasibility of a common ACU involving countries of East and South Asia. We analyze the various properties of an ACU and calculate its value using weighted averages of the values of Asian currencies. We discuss the possibility of the Rupee figuring in the ACU and identify the major economic, political and historical impediments in the way of faster acceptance of ACU in the region. We point out the various strategies that could be employed to facilitate faster adoption of ACU as well as promote the use and acceptability of the ACU.