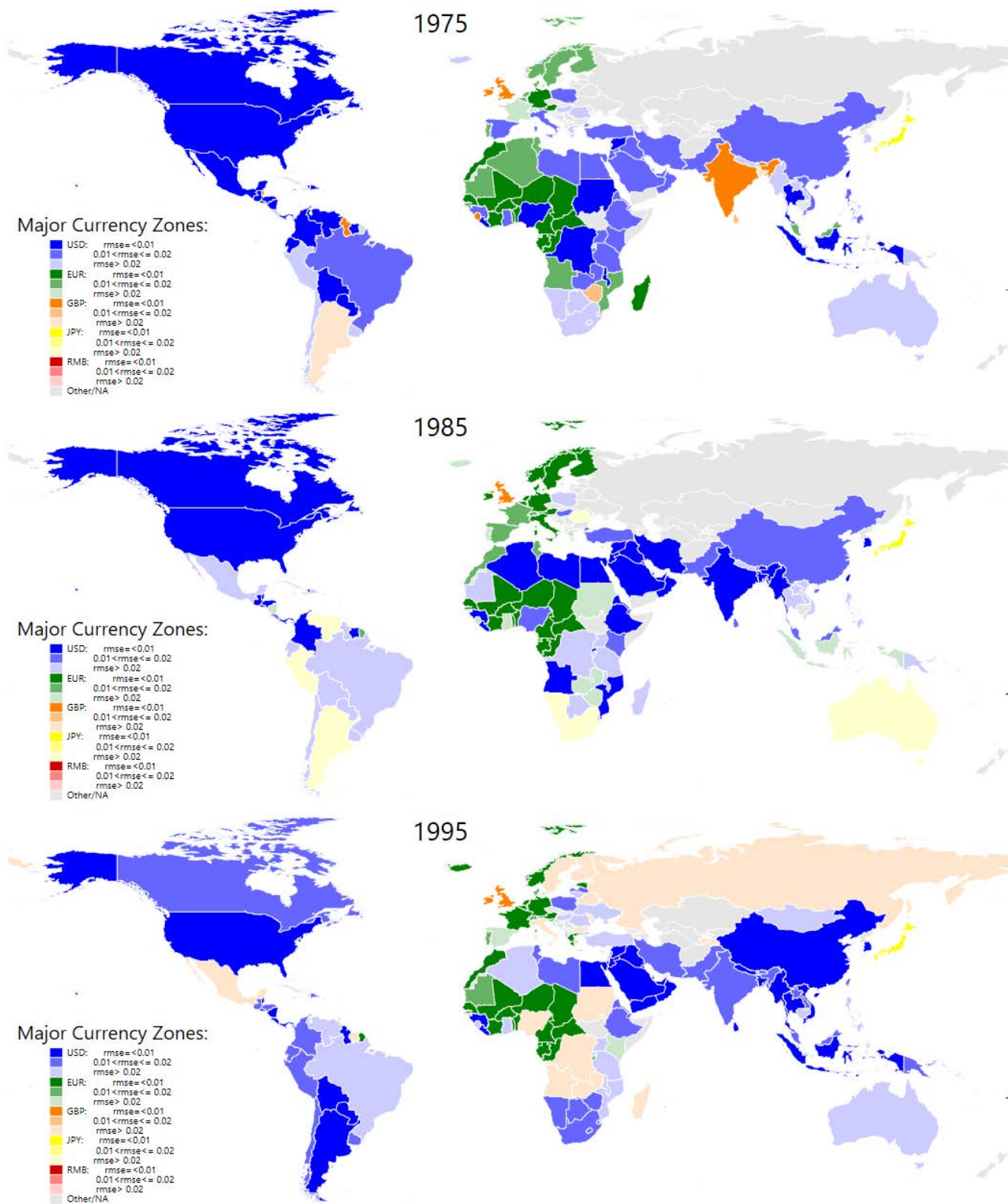
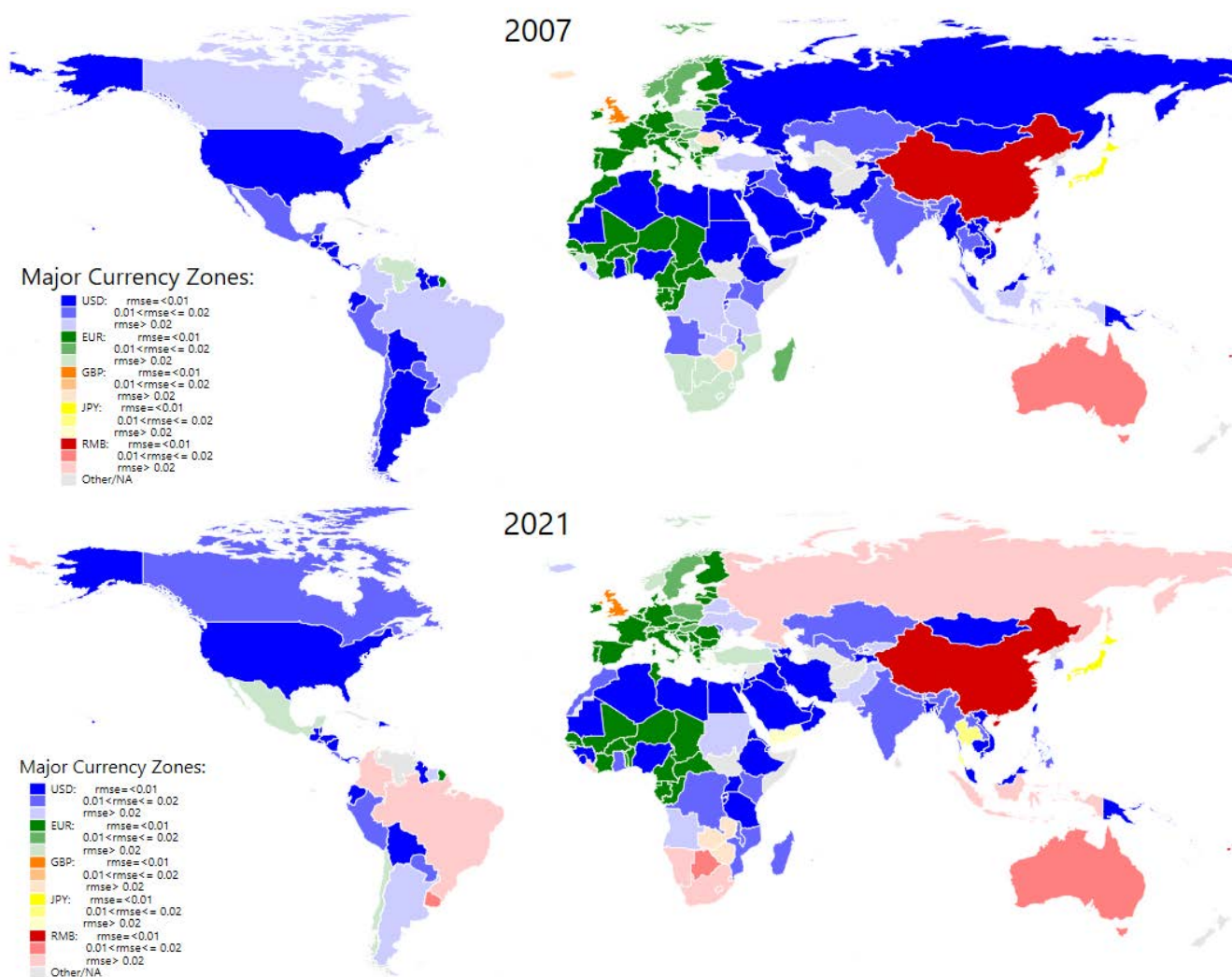


Figure 2: Evolution of the major currency zones

2A: Currency zones constructed from the Frankel-Wei method: 1975, 1985, and 1995

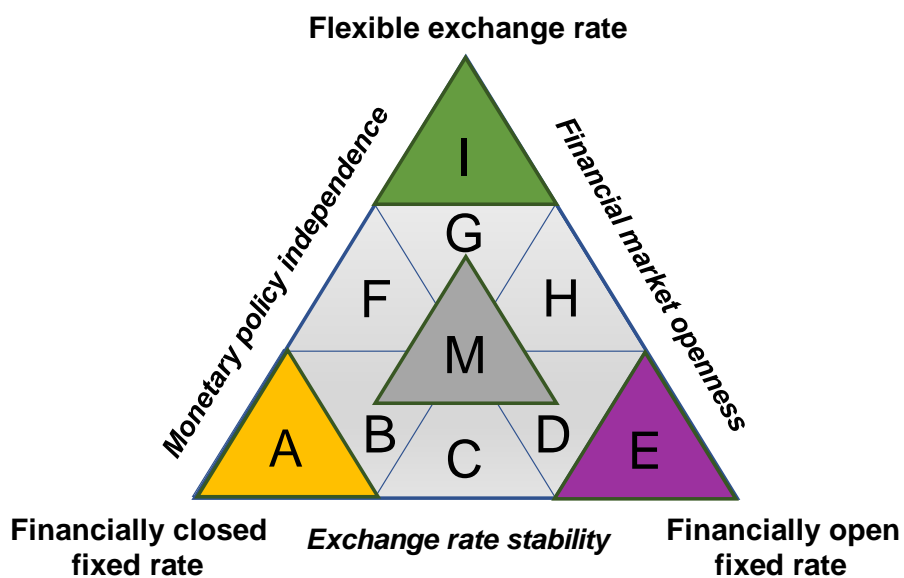


**2B: Currency zones constructed from the Kawai-Pontines method: 2007 and 2021**



Source: Compiled by authors from their estimations.

Figure 5: Definition of ten trilemma regimes



Source: Authors' compilation.

Figure 6: Trilemma regimes in the world, 1981-85, 1991-95, 2001-05, and 2016-20

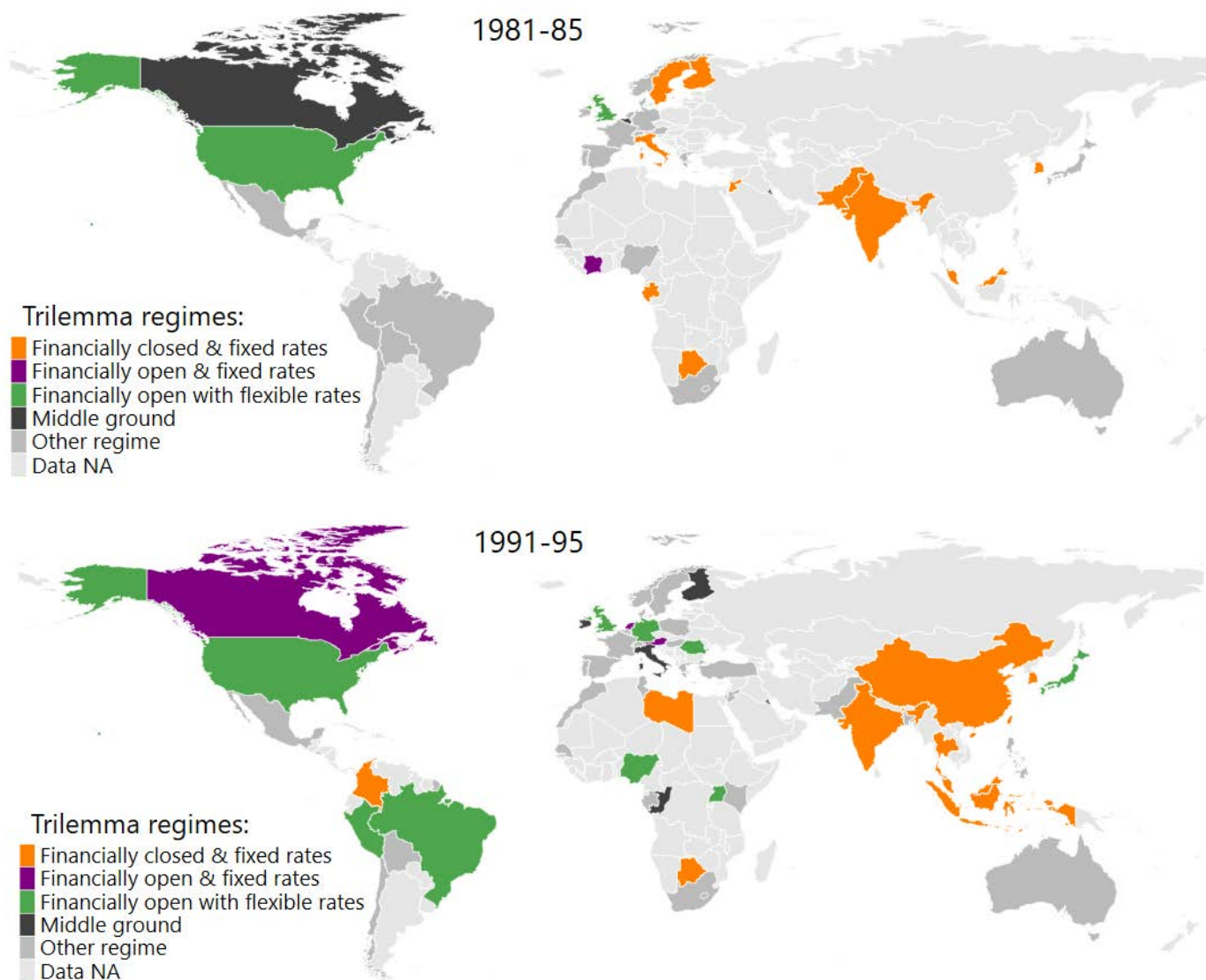
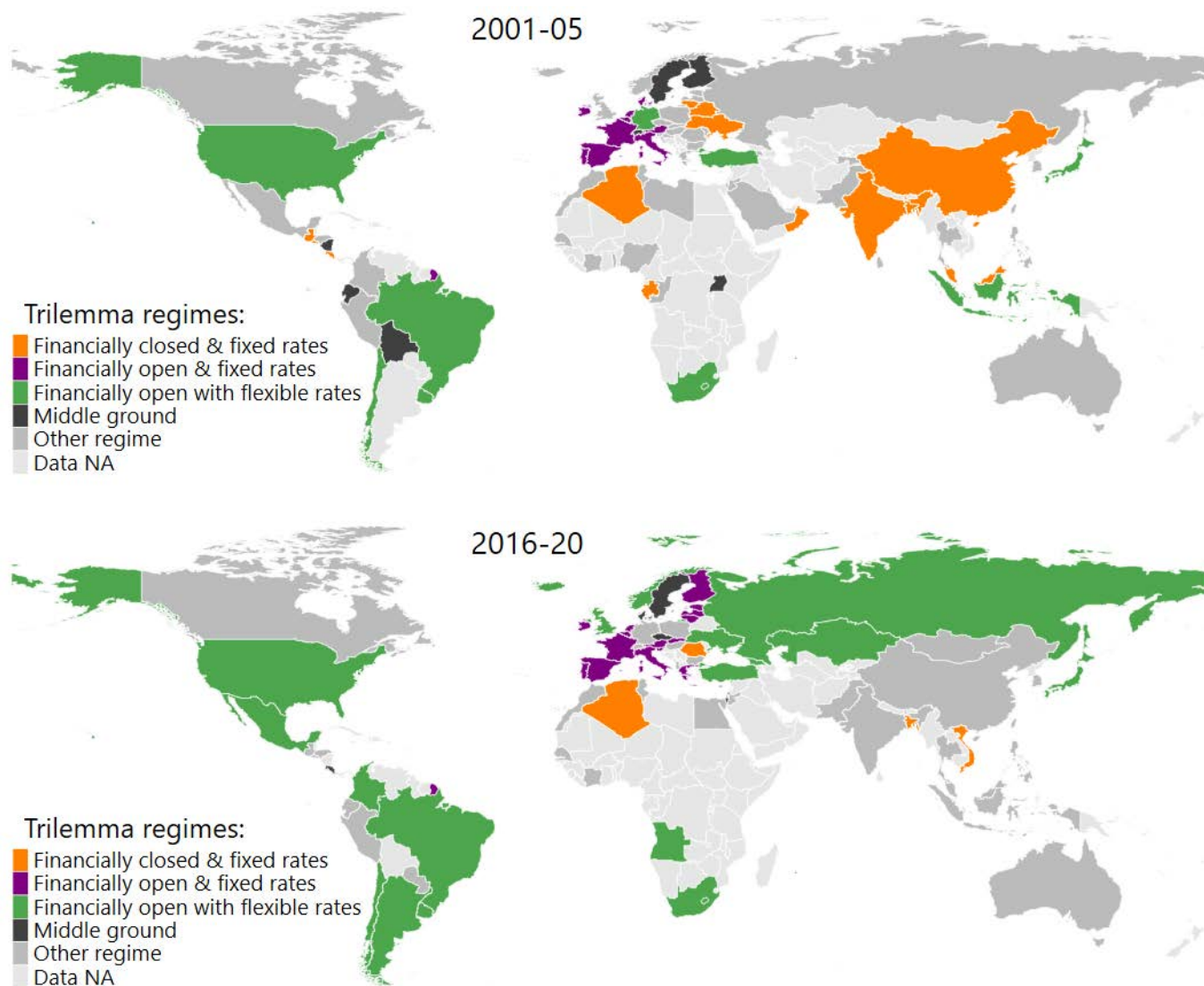




Figure 6: Trilemma regimes in the world, 1981-85, 1991-95, 2001-05, and 2016-20 (continued)



Source: Compiled by authors from their estimations.

**Table 4: Summary of macroeconomic performance by trilemma regime****4A. Advanced economies**

Trilemma regime				No. obs.	Median(y)		SD(y)		Median( $\pi$ )		SD( $\pi$ )		Average rank
ERS	FMO	MPI	Value		Rank	Value	Rank	Value	Rank	Value	Rank		
<b>A</b>	High	Low	High	198	0.52	2	3.12	9	1.04	9	4.39	9	7.25
<b>B</b>	High	Middle	High	94	0.27	4	3.16	10	0.32	8	3.38	7	7.25
<b>C</b>	High	Middle	Middle	66	0.71	1	3.09	8	-0.07	1	4.35	8	4.50
<b>D</b>	High	High	Middle	55	0.18	5	2.38	3	-0.22	5	1.86	3	4.00
<b>E</b>	High	High	Low	372	-0.30	8	2.70	6	-0.07	1	1.36	2	4.25
<b>F</b>	Middle	Middle	High	162	0.30	3	2.68	5	0.22	5	4.66	10	5.75
<b>G</b>	Middle	High	High	136	-0.08	7	2.48	4	-0.14	3	2.05	4	4.50
<b>H</b>	Middle	High	Middle	54	-0.54	10	1.77	1	12.00	10	1.33	1	5.50
<b>I</b>	Low	High	High	141	-0.33	9	2.35	2	-0.26	7	2.43	6	6.00
<b>M</b>	Middle	Middle	Middle	139	0.00	6	3.04	7	-0.18	4	2.29	5	5.50

**4B. Emerging and developing economies**

Trilemma regime				No. obs.	Median (y)		SD(y)		Median ( $\pi$ )		SD ( $\pi$ )		Average rank
ERS	FMO	MPI	Value		Rank	Value	Rank	Value	Rank	Value	Rank		
<b>A</b>	High	Low	High	414	0.61	2	4.15	7	-0.53	4	6.11	3	4.00
<b>B</b>	High	Middle	High	215	-0.12	6	2.87	2	-1.42	6	5.73	2	4.00
<b>C</b>	High	Middle	Middle	128	-0.11	5	3.93	5	-0.25	2	9.00	4	4.00
<b>D</b>	High	High	Middle	23	-0.17	7	5.45	10	-2.46	9	4.00	1	6.75
<b>E</b>	High	High	Low	56	-0.05	4	4.85	9	-1.53	8	13.22	6	6.75
<b>F</b>	Middle	Middle	High	295	0.16	3	3.48	4	0.80	5	17.20	7	4.75
<b>G</b>	Middle	High	High	21	-0.27	8	2.60	1	0.44	3	36.92	9	5.25
<b>H</b>	Middle	High	Middle	13	0.69	1	3.01	3	-0.15	1	9.46	5	2.50
<b>I</b>	Low	High	High	251	-0.64	10	4.18	8	3.01	10	942.14	10	9.50
<b>M</b>	Middle	Middle	Middle	68	-0.63	9	4.00	6	-1.52	7	17.70	8	7.50

ERS = exchange rate stability; FMO = financial market openness; MPI = monetary policy independence; SD = standard deviation;  $y$  = real GDP growth rate (difference from the sample group median);  $\pi$  = CPI inflation rate (difference from the sample group median). Note:  $y$  (or  $\pi$ ) is the difference between the observed growth (or inflation) rate and the median growth (or inflation) rate of the sample group, i.e., either a group of advanced or emerging & developing economies, in each year. The total number of observations is the sum of those for A through I, that is, 1,278 annual observations for advanced economies and 1,416 annual observations for emerging and developing economies. The dark and light blue color cells in the average rank column indicate the best and second-best performance, respectively, and dark and light orange color cells indicate the worst and second-worst performance, respectively. Source: Compiled by authors from their estimations using data from World Bank, World Development Indicators database.