## INDICE

Introduction xi	
PART ONE GROWTH AND THE DYNAMICS OF PRODUCTIVE STRUCTURE	
1 THE QUEST FOR DYNAMIC EFFICIENCY: STRUCTURAL DYNAMICS	3
AND ECONOMIC GROWM IN DEVELOPING COUNTRIES	5
2 TRADE OPENNESS AND TECHNOLOGY GAPS IN LATIN AMERICA:	45
A "Low-GROWM TRAP"	43
3 FOUR SOURCES OF "DE-INDusTRIAUZA110N" AND A NEW	71
CONCEPT OF ME "DUTCH DISEASE	
4 GLOBALIZA110N, RISING LABOR INEQUALITY, AND POVERTY IN	117
P ART Two MACROECONOMIC VULNERABILITIES	
5 DEVELOPING-ECONOMY CYCLES	145
6 FISCAL POUCY EFFICACY AND PRNATE DEFICITS: A	161
MACROECONOMIC APPROACH	
7 EXTERNAL DEBT, GROWM AND SUSTAINABIUTY 189	189
8 DIVERGENCE AND GROWM COLLAPSES: THEORY AND	211
EMPIRICAL EVIDENCE	
Index	233
FIGURES	
1.1 Productivity and GDP Dynamics 27	27
1.2 Effects of a New Wave of Innovations 28	28
1.3 Effects of Favorable Macroeconomic Shock 29	29
1.4 Three Possible Outcomes 31	31
2.1 Trade Multiplier and Its Determinants 51	51
2.2 Imports and Exports in the Postreform Period (Annual Growth Rates)	53
2.3 Growth and Trade Balance 54	54
2.4 Trade Multiplier in the Latin American Countries, Before and After	57
Reforms	
2.5 Trade Multiplier, 1970-80 and 1985 to the Last Year of the Postreform	64
Period	
3.1 Manufacturing and Services in the EU, 1960-2000	73
3.2 Rowthorn's Regression: Manufacturing Employment and Income Per	76
Capita, 1990 76	
3.3 Second Source of De Industrialization: A Declining Relationship, 1960-	77
98	
3.4 Third Source of De-Industrialization: A Changing Turning Point in the	80
Regression, 1960-98	00
3.5 Fourth Source of De-Industrialization: Cases of Overshooting?	82
3.6 Primary Commodity and Export Services Effects, 1998	83
3.7 Changes in Manufacturing Employment and Income in Primary	84
Commodities, 1960 and 1998	00
3.8 a. The Netherlands: Unraveling the Dutch Disease, 1960-98; b. The	86

United Kingdom, Optobing the Dutch Diseases 4000,00, a The Notherlands	
United Kingdom: Catching the Dutch Disease, 1960-98; c. The Netherlands	
and Five Countries of the EU, 1960-98 ; d. The Netherlands and Four	
Traditional Primary Commodity Exporters, 1960-98	00
3.9 a. Greece, Cyprus, and Malta: A Tourism Dutch Disease? b. Luxembourg, Hong Kong (China), and Switzerland: A Financial Dutch	89
Disease?	
	01
3.10 Argentina, Brazil~ and Chile: Catching the Dutch Disease?	91
3.11 a. Nordic Countries: Three Different Industrialization Paths, 1960-98; b. Finland and Chile: An Anti-Dutch Disease and a Dutch Disease	94
Industrialization? c. Finland: Changing Vertical Integration in Timber-	94
Based Exports, 1963-2000	
3.12 a. NIE-2s: Manufacturing Employment and Income Primary	97
Commodity, 1960-98; b. NIE-1s: Manufacturing Employment and Income	51
Primary Commodity, 1960-98	
3.13 Central America and Mexico: The Maquila Effect, 1970-98	99
3.14 The Andean Pact in South America, 1998	101
3.15 China, India, and Turkey: Manufacturing Employment and Income	102
Primary Commodity, 1950-98	102
4.1 Initial Equilibrium Positions in Traded and Nontraded Goods Markets	124
and Probable Shifts After Current and Capital Accounts Liberalization	127
4.2 Growth and Poverty in Latin America in the 1990s	128
4.3 Poverty and Inequality of Per Capita Household Income in Latin	136
America During the 1990s	100
5.1 Closed Orbits in the Goodwin Model	148
5.2 Contractionary Devaluation Cycles	150
5.3 Cyclical Adjustment of Reserves and the Return Spread After a Shift in	153
Foreign Portfolio Preferences Toward Home Bonds	
5.4 An Animal Spirits Cycle in the Lavoie-Godley Model	157
6.1 From Prosperity to Adjustment, Chile, 1994-2001	171
6.2 Surplus Accounting for Selected Economies, Percent of GDP	173
6.3 GDP Growth and Real Exchange Rates	174
7.1 Stable and Unstable Dynamics of the Debt-Output Ratio	199
7.2 Effects of Capital Account Shocks, Given Different Debt-Export Ratios	200
7.3 Multiple Equilibria	201
7.4 Combined Effect of Debt-Export Ratio and Country Risk Premiums	202
7.5 Demonstration of Debt Sustainability Conditions	204
7.6 Effects of Lower Limits to the Absorption-Output Ratio	206
TABLES	
1.1 Typology of Processes of Structural Change	22
2.1 Timing of Reforms	52
2.2 Theoretical Abacus of the Trade Multiplier	56
2.3 Structural Change in Latin America, Before and After Reform	58
2.4 Growth Rate and Trade Balance Applied to the Model, After Reform	59
2.5 Structural Change in Latin America, 1970-80, 1985-99	64
2.6 Growth Rate and Trade Balance Applied to the Model, 1985-99	65

3.1 Employment in Manufacturing (% of total)	75
4.1 Factors of Growth in Latin American Countries in the 1990s	130
4.2 Productivity Growth	131
4.3 Growth and Inequality in Latin America in the 1990s	134
8.1 International Differences in Income Levels and Growth Rates	213
8.2 Long- Term Income and Growth Rates Predicted by Three	214
Neoclassical Models	
8.3 Incidence of Growth Collapse at Different Income Levels	221
0.40 as a st Crowth Calleras	222
8.4Cases of Growth Collapse	
8.5 Incidence of Collapse in Different Types of Economy	225
	226
8.6 Inequality and Incidence of Collapse	
	227
8.7 Type of Economy, Inequality, and Growth Collapse	