Index

Abdel-Rahman, H. 152
Abramovitz, M. 33, 232
absolute convergence see convergence
absorption capacity 140, 148, 232
absorptive capabilities 225–31
accelerator effect 300
ACMS 121–2, 124, 128–30
actual output 20
actual rate of growth 16–17, 20, 75
adaptive R&D 243–4
Afanasieff, T.S. 291
Age of Decline 84–5, 89, 91, 93–4, 98
aggregate capital stock 8, 9, 11, 18
aggregate demand 2
aggregate supply and 3, 66–8, 105–7
Brazil 280, 281, 283–4, 290
business cycle and 3, 66–8
endogenous growth theory 19, 21, 23
unemployment and 3, 85, 88, 90–96, 101–7
aggregate output 16, 51, 52, 67
aggregate price 16
aggregate production function 1, 8–10, 11, 33, 59, 118, 127, 202
aggregate supply 2, 283
aggregate demand and 3, 66–8, 105–7
business cycle and 3, 66–8
endogenous growth theory 20–21, 93–5
unemployment and 3, 85, 93–6, 101, 105–7
Aghion, P. 59, 223, 224, 235, 251
agriculture (rural India) 6, 259–75
Aitken, B. 139
AK model 58, 59–60, 219
Akerlof, G. 89
Albuquerque, E.M. 233
Alesina, A. 92, 102
Allsopp, C. 182
Alves, A.J., Jr. 282, 296
Anderson–Hsiao method 210
‘animal spirits’ 23, 190, 283
Anselin, L. 159
Arestis, Philip 280
Arrow, Kenneth 4, 57, 120–22, 124, 128–30
articulated knowledge 228–9
Asian ‘tiger’ economies 33
asymmetric information 244
augmented Dickey–Fuller test 215, 216, 266–7
augmented Phillips curve 88
Bagliano, F.C. 87
balance of payments 36, 41, 93, 282, 285
balance of trade 282, 285, 287
Ball, L. 89, 90
banking sector 289, 291, 296
see also central banks
Barro, R.J. 17, 33, 172, 201, 300
basic R&D 243–4
Basu, S. 272
Baumol, W.J. 201
Belassa–Samuelson effect 186, 188, 214
benevolent dictator 125
Benhabib, J. 155
Bernard, A.B. 204, 209
best practice 106, 120, 121–2, 124, 125
beta-convergence 5, 200–220
Bhaduri, A. 22, 271
Bhagwati, Jagdish 9
Blanchard, O. 83, 85
Blaug, Mark 123, 124
Blecker, R. 21
Bliss, Christopher 126
Blomström, M. 139, 142
Bohm, V. 24
Böhm-Bawerk, Eugen von 48
booms 32, 36, 39–40
business cycle 3, 65, 66, 68–73, 77
upward instability 70–73
Economic growth

Boreiko, D. 204
brain drain, reverse 250
Brakman, S. 151
Brazil (growth strategy) 6–7
   constraints 281–3, 285–91
   investment increase 295–301
   Keynesian policies 279–85
   requirements for sustained 291–5
Breitung, J. 215
Breitung procedure 216, 218, 220
Brinner, R. 90
broad-money-to-GDP ratio 208
Brown, Gordon 14
Brüggemann, R. 204, 207
Brülhart, M. 151
buffer stock 282
business cycle 3, 65–80, 107
butter model 118–19

Camagni, R. 230
Cambridge–Cambridge debate 8–10, 11, 35
   in capital theory 3–4, 117–30
Cameron, G. 153
capabilities
   absorptive 225–31
   social 232
   transferability of knowledge and 232–3
capacity
   excess 79, 107, 300
   productive 137, 248, 280, 283, 284
   utilization 20, 32, 59, 70, 72–3, 79–80, 183, 193, 280, 281, 300
capital
   aggregation 8, 9, 10–11
   budget 283–4
   controls (Brazil) 284, 296–9, 301
definitions 1, 11
diminishing returns 33, 49, 56, 58
   –labour ratio 8, 92–3, 102, 106, 118, 129, 205, 208
   –labour substitution 6, 259, 274, 275
   –output ratio 22, 34–5, 37, 117, 118, 127, 219, 292–3
   –reversal 9, 119, 123, 124, 127–8
capital account (Brazil) 282–3, 286, 295, 298
capital accumulation 58, 138
Cambridge–Cambridge debate
   118–20, 126
   endogenous growth 17, 21, 33–5, 37
capital formation 260–65, 267–8, 270
capital goods 118, 120–21, 224, 230, 284
   ‘capital spending’ 190
capital stock 94, 95, 137, 224
   aggregate 8, 9, 11, 18
   Brazil 283, 291–2, 293
   business cycle 71, 79
   wage-setting and 183, 193
capital theory 48, 50, 57
   Cambridge–Cambridge debate 3–4, 117–30
   capitalism 56, 62, 83–5, 92–3, 114, 126, 179, 234
Carkovic, M. 139
Carvalho, F. 284
catch-up 111, 113, 155–6, 204, 232, 294–5
central banks 108–9, 111, 208
   Brazil 7, 284, 286, 289–90, 296–9, 301
   business cycle and 67, 76
   wage-setting and 182–7, 189, 190, 195
Central European FTA (CEFTA) 203
central goods 226
central place networks 226, 227, 231
centrality 225–8, 234–5
centralization 226, 234
centre–periphery relations 6, 232
CEPAL 232
Chamberlin, Edward 45, 47
chaotic growth models 24
‘cheap money’ 190
Chenery, H.B. 120, 121–2, 124, 128–30
Chow tests 112, 113
Christaller, W 226
Chu, C-S.J. 215, 216, 218, 219
Ciccone, A. 153
Clapham, John H. 44, 46, 54
Clark, J.B. 48, 127
classical convergence model 205–15, 219
clusters 227, 245, 249
Coase, R.H. 244
Cobb–Douglas production function 117, 118, 122, 152, 169, 205
codified knowledge 228, 229
Coe, D.T. 230
Cohen, A.J. 119, 126
Cohen, Ruth 127
cointegration 203–4, 267–8, 269
collective bargaining 102–3, 181, 185, 191, 195
commodity price inflation 281–2
comparative advantage 238–9, 241, 245, 247, 253, 256
competition 46–7, 52
imperfect 50–51, 54, 57, 77, 83, 89, 224
monopolistic 45, 50, 77, 152, 168
perfect 45, 83
pure 45
competitive advantage 142, 245
competitive equilibrium 61
competitive value 48–9, 54, 60
concentration 226, 234
conditional convergence see convergence
conduits of knowledge transfer 227, 235
conflict theory 182
congestion 153–4
constant-elasticity-of-substitution (CES) production function 4, 118, 120–21, 122, 152, 169
constant-returns-to-scale 10, 58, 120, 121, 128–9
consume, propensity to 77
consumer price index (Brazil) 287
contractions 78–9
convergence 89, 155, 156
absolute 201, 205, 208–11, 214–16, 219
beta 5, 200–220
classical (model) 205–15, 219
clubs 204, 212–14
conditional 201, 204–6, 208–14, 219
economic growth and 18, 33, 201–2
half-life of 201, 204, 206, 208–20
speed of 206, 214–15, 218, 219–20
unit roots and 201, 214, 215–20
coordination
mechanisms 5, 189, 192, 193, 230
monetary/wage policies 182–95

core–periphery relations 6, 232
Cornwall, J. 20, 37, 85, 90, 97, 105, 106, 111
Cornwall, W. 85, 105, 109, 111
corporate social responsibility 251
corporations 244
representative firm 2, 44–62
see also multinational enterprises;
transnational corporations
cost curves 45, 47, 49, 54
costs 51, 52
labour 184, 186, 189, 192–3
transaction 244
country risk 290
Cournot’s error 46, 51
crawling-peg exchange rate regime 7, 296, 297, 298, 301
creative destruction 46, 156
credit (Brazil) 289, 290, 291, 296
credit (India) 272, 273–4, 275
cross-section tests 202, 204, 206, 209, 218
Cukierman, A. 109
cumulative causation 22–3, 57, 142, 233, 239, 247, 251
current account (Brazil) 282, 285, 287, 295, 297

Davidson, P. 282
‘dear money’ 190
Debreu, Gerard 57
debt (Brazil) 286–7, 290–91, 295–7, 299
decreasing utility 55
deficit-financing 190
DeLong, J.B. 201
demand 2, 55, 68–9
aggregate see aggregate demand
effective 280, 281, 292
nominal 187–91
demand-led FDI 244–7
demand-led growth 14, 16, 19–22
natural rate of 2, 32–41
demand-side policy (Brazil) 279, 281, 283
De Mello, L.R. 138
Denison, E. 33
density functions 4, 162, 172–4
depreciation rate 292, 293, 297, 298
de Ridder, J. 38
descriptive curves 55
Deutsche Bank 208
developing countries 6
endogenous growth theory 238–40
further impact 249–52
R&D in 238, 240–47
role of policy 247–9
tourism 252–5, 256–7
Dickey–Fuller test 215, 216, 266–7
diminishing returns 49, 59
to capital 33, 49, 56, 58
distribution 58
income 85, 126, 181, 204, 231, 234, 281
manufacturing productivity 4, 151–74
diversification process 226, 227
division of labour 49, 56, 61
Dixit, Avinash 126
Dixit–Stiglitz theory 152
Dixon, Robert 16, 22
Domar, E. 67
Dosi, G. 228
Dreze, J. 261
Dunning, John 137
Durlauf, S.N. 172, 204, 209
Dutt, A.K. 21
dynamic analysis 61–2
dynamic equilibrium 66–8
dynamic panel data estimates 209–15
dynamic uncertainties 230
earnings expectations 52, 53
East European transition economies 5, 200–220
Eckstein, O. 90
econometric models/tests
Cambridge–Cambridge debate 3–4, 117–30
Keynesian model 3, 97, 101–15
trickle down effect 6, 259–75
economic growth
actual rate 16–17, 20, 75
constraints (Brazil) 281–3, 285–91
Eastern Europe 5, 200–220
equilibrium rate 16–17, 293–4
exogenous 2, 23, 32–41
Harrod–Domar model 69, 279, 291, 293
Harrod model 3, 15–16, 34, 35, 36, 65

Keynesian theories 3, 65–80
knowledge externalities 5–6, 223–35
poverty reduction (India) 6, 259–75
requirements for sustained 291–5
strategy (Brazil) 6–7, 279–301
strategy (wage-setting role) 5, 178–96
unemployment and 3, 83–98, 101–15
see also demand-led growth; natural rate of growth; supply-led growth
Economic and Monetary Union
(EMU) 178, 179, 182–95, 204
economic reciprocating system 226
economic slack 106, 112–13
economies of scale 37–8, 48, 106–7, 193
external 18, 22, 49, 51–2, 55–6, 60
internal 51–2
effective demand 280, 281, 292
efficiency 53
Eichner, Alfred 180
eigenvalue 267–8
employment
in developing countries 249–50
see also full employment; unemployment
‘empty box’ reasoning 54, 55, 57, 61
endogenous growth theory 138–9
aggregate supply 20–21, 93–5
definitions 1, 14–16
FDI in developing countries 6, 238–57
generaliess 223–5
historical process 22–4
Keynesian 1, 16, 19–22, 23–4
knowledge externalities 5–6, 223–35
natural rate of growth 2, 32–41
neoclassical 1, 16–19, 21–4, 233, 235
new 33, 57–62, 96, 223–5, 231, 235
representative firm 2, 44–62
equilibrium 52–3, 88, 90
long period 123, 125
long run 163–4
partial 49–50, 51, 54–5
returns to scale and 164–7
urban economics model 171
equity finance 254, 255
ergodic distribution 163, 173
error correction 268–9
Index

European Central Bank 178–9, 183, 190, 195
European Union
   EMS membership 109, 110–11
   Maastricht Treaty 5, 179, 204, 214
   manufacturing productivity 4, 151–74
   transition economies 5, 200–220
   wage-setting 5, 178–96
   evolutionary change 232, 247
   Exact Maximum Likelihood Estimator 210
   ex ante production function 120, 123
   excess capacity 79, 107, 300
   exchange rate 186
      Brazil 7, 280, 283–6, 288, 290–91, 295, 296–7, 298, 301
crawling-peg 7, 296, 297, 298, 301
ERMII 200, 203
   transition economies 200, 203, 208
   unemployment and 93, 109
   exogenous growth 23
      natural rate of 2, 32–41
   expectations, instability and 69
   experience 6, 245
   expertise 6, 238, 239, 240, 245, 254
   explicit knowledge 229
export–GDP ratio 108, 109–10
exports 33, 92, 106, 111–13, 282, 285–6
external economies see economies of scale
externalities 56, 59–60, 136
   negative 225
   peripheral spaces and 231–5
   positive 138, 295, 300
   technological 138, 153
   see also knowledge externalities
   factor accumulation 17–18, 20–21, 23, 33
   factor migration 20, 21
   factor prices 120–21, 124
   factors of production 53, 56, 59–60, 61
Fajertag, G. 192
Feldman, M.P. 235
Felipé, Jesus 9, 11, 219
Ferguson, Charles 123, 124
Fingleton, Bernard 38, 151, 156–7, 159–60
firms see corporations
fiscal policy 91, 92
   Brazil 280, 283, 291
   wages and 5, 179, 182, 185–6, 190, 194–5
   Fisher, Franklin M. 11, 12
   Fisher, Irving 127
   fix-price markets 89, 90, 91
   fixed effects 202, 205, 209–10, 216, 218
   foreign direct investment (FDI)
      Brazil 298
devolving countries 6, 238–57
   productivity spillovers 4, 136–48
tourism 252–5, 256–7
   foreign exchange earnings 253
   Fosfuri, A. 139
   Frankel, M. 58
   Friedman, Ben 12
   Fujita, M. 152, 154
   full-cost pricing principle 77
   full employment 2, 34, 36, 179
      Brazil 280, 281, 283
   ceiling of 74, 75–6
   unemployment and 85, 88, 92–4, 97, 102–3
   ‘fuzzy cluster’ analysis 204
Galbraith, J.K. 182
Garretsen, H. 151
Gaussian kernel 161, 172
GDP
   Brazil 286–7, 290, 293, 295–6, 299–301
   India 260, 261–2, 263–4, 265–7
   per capita 156, 205, 207, 261
   General Electric 249–50
general equilibrium theory 57
generalisation 136, 143
Globerman, S. 140
Golden Age 37, 84–5, 91–5, 97–8, 102, 110, 114
Goodwin, Richard 125–6
Gordon, I. 153
Glass, A.J. 139
government bonds (Brazil) 298
Görg, H. 139, 141
government spending multiplier 300
Gorman, Terence 10, 11
H.
Granger, C.W.J. 267
Granger Causality tests 266, 267
Great Depression 85, 94, 96
‘Great Inflation’ 88
Green revolution (India) 262–5, 270, 274
Greenaway, D. 141
greenfield investments 137, 243, 249–50
Griffith, R. 141
gross capital formation 293
Grossman, G. 59, 223, 224, 235
growth see economic growth
growth theory 1, 8–12
endogenous see endogenous growth theory
history of (neoclassical capture) 16–19
Kaldorian 21, 22
neo-Kaleckian 21, 22
Guo, J-T. 24
Hadri test statistic 216, 218, 220
Hahn, Frank H. 57
Haier 244
half-life of convergence 201, 204, 206, 208, 209–15, 216–18, 219–20
Hall, R.E. 153
Hallwirth, V. 193
Hancke, B. 191
Hansen, J. 38
Hanson, G.H. 151
Harcourt, Geoffrey C. 8, 119–22, 126
Harris, R. 141
Harrod, Roy F. 3, 15, 19, 32–6, 65, 117
Harrod–Domar growth model 69, 279, 291
Harrod model 15–16, 34–6, 65
Haskel, J. 141
Hausman test 157–8
head count ratio 260
Hein, Eckhard 182, 185
Helpman, E. 59, 223, 224, 230, 235
Henderson, Hubert 50
Henderson, J.V. 151
Heston, A. 201
heteroscedasticity 112, 158, 160, 209, 216
Hibbs, D. 92, 102
Hicks, J.R. 74, 127
High Yield Variety seeds 263, 270–71, 273–5
Hobson, J. 75
Hocking test statistic 113
Howell, David 192
Howells, J. 227, 229–30, 233
Howitt, P. 59, 223, 224, 235
Hu, Z. 33
Huawei 244
human capital 6, 17, 58, 138, 155, 167, 208, 238–57
Hymer, Stephen 137
hysteresis 90, 109, 111
idea-sharing coalitions 204
Ietto-Gilles, G. 137
Im, K.S. 216, 218, 220
immigrant labour 37
imperfect competition 50, 51, 54, 57, 77, 83, 89, 224
imports 33, 282, 285
impulse-response functions 269, 270
income
distribution 85, 126, 181, 204, 231, 234, 281
–elasticity (Brazil) 282, 285
–expenditure mechanism 91, 96
national 66, 71–3, 117, 184, 192
incomes policy 179, 180–81
Brazil 280, 285
increasing returns 2, 44–62, 223–4
manufacturing productivity 4, 151–74
incubators 249
India (rural poverty) 6, 259–75
indifference curves 103, 104, 109
industrial districts 227
industrial organisation 45–6, 241, 250
industrial relations 92–3, 103–4, 107, 109, 111
industry size 53
inflation 16, 35, 36, 84–5
–barrier 74, 76–7
Brazil 7, 281–2, 285–6, 290, 295–8, 301
Eastern Europe 200, 208
NAIRU 83, 88–90, 96, 98, 179–85, 191
unemployment and 84–90, 93, 96, 98, 108–9, 110, 181
wage-setting and 5, 181–7, 188–9
information and communications technology (ICT) 245
Infosys 244
innovations 75, 78, 106, 107, 155
FDI and 239–41, 244–6, 249, 251–2
national system 230–31, 233, 239–40, 252
representative firm 50, 59–60, 61
systems 230–31, 233, 244, 245
instability 68–73
Instrumental Variable Methods 210
Integrated Rural Development Programme (IRDP) 263
intellectual property rights (IPRs) 139–40, 240, 251–2, 256
inter-temporal solvency (Brazil) 299
interest rates 35
Brazil 7, 284–6, 288–91, 295–9, 301
business cycle 67, 72, 76, 77
wage-setting and 178, 182–3
intermediate goods 224
internal economies of scale 51–2
International Monetary Funds (IMF) 192
international monetary system 93, 108
investment 21, 112, 113, 224
Brazil 280, 283–4, 287, 292–301
change in 3, 65–9, 71–4, 77, 78–80
definitions 1, 8, 11
greenfield 137, 243, 249–50
growth 112, 113
increasing returns 45, 48, 58
unemployment and 105–6, 107
see also foreign direct investment
invisible hand 88, 89
IPEADATA 287, 288–9, 293–4
IPS test 216, 218, 220
irrigation (India) 271, 273, 274
IRTS conditioning 165
Islam, N. 201–2, 206, 210, 218
iso-quants 120, 121–2, 123, 124

Johansen, Leif 9
Johansen, S. 267
Johnson, P.A. 173
Johnston, J. 159
joint stock companies 45, 54
joint ventures 251–2
Jones, C.I. 18, 224
Jorgenson, D. 72
Kaas, L. 24
Kahn, Richard 35
Kaldor, Nicholas 16, 19, 22–3, 35, 38, 57, 62, 84, 125, 239, 245
Kaldorian growth theory 21, 22
Kalecki, Michal 21, 92, 102, 125
Kelejian, H.H. 159
Keller, W. 141
Kennedy, P. 159
Keynes, John Maynard 32, 34–5, 50–51, 54, 83, 91, 98, 283
Keynes effect 89
Keynesian economic policies 279–91
Keynesian endogenous growth theory 1, 16, 19–22, 23–4
Keynesian theories of business cycle and growth 3, 65–80
Khan, M. 33
Kindleberger, C. 37
King, J.E. 180
Klein, Lawrence 10
Knight, Frank 44
knowledge
articulated 228–9
base 228–9
codified 228, 229
demand 227–8
FDI and 6, 238–57
demand 227–8
geography and 231
increasing returns and 55, 57, 59–61
intermediaries 226, 227–8, 234–5
public 228, 230, 232
pure 47
realistic 47
tacit 228–9, 244–5, 251
transfer 156, 232–3
knowledge externalities 60, 61
peripheral regions 5–6, 223–35
transfer process 225–31

Jackman, R. 182
Jacobs, J. 154, 226
Janssen, R. 191, 192, 193
Japan Bank for International Cooperation 243
Jawahar Rozgar Yojana 263
‘jobless growth’ 253
absorptive capabilities and 228–31
Kocenda, E. 203, 207
Kokko, A. 139
Koll, W. 184, 194
Koutsoyiannis, A. 159
Kregel, J. 284
Krugman, P. 152
Kurz, H. 58
Kutan, A.M. 203

labour
–capital ratio 8, 92–3, 102, 106, 118, 129, 205, 208
–capital substitution 6, 259, 274, 275
ceiling of full employment 74, 75–6

costs 184, 186, 189, 192–3
definitions 1, 11
demand 36–7
force growth 2, 16–17, 32, 40
market 102–3, 178–80, 182
productivity 2, 22, 32–8, 40, 56, 84, 85–7, 294
-saving devices 270–71, 273, 274, 275
supply 36–7, 70, 94, 259
surplus 94
see also division of labour
laissez-faire economies 114, 280, 281
land/landlords (India) 270–74, 275
Lansing, K.J. 24
large RTS conditioning 167
Lawson, C. 230
Layard, R. 182
learning 230–31, 233, 240–41
by doing 37–8, 58, 94, 155–6, 224, 228
Leão, P. 67
Least Squares with Dummy Variables 210
Lee, K. 202
left-of-centre votes 108–9, 110–11
Lemos, M.B. 234
Leon-Ledesma, M. 38, 40
Leser, C. 159
Levin, A. 215, 216, 218, 219
Levine, R. 139
likelihood ratio statistics 267–8
Lin, C-F. 215, 216, 218, 219
linear programming 123
Lipsey, R.G. 83, 102
Lisbon Strategy 178, 187–8
living standards 35
LOCOMonitor database 243, 249
long-period equilibrium 123, 125
long-run distribution of
manufacturing productivity 160–61, 163–7
long-run unemployment 3, 83–98
long-run Keynesian model of
aggregate demand and
unemployment 92–3
Lucas, Robert E. 16, 17, 58, 172
Lula da Silva government 286
Lundvall, B. 230–31
Maastricht Treaty 5, 179, 204, 214
McCann, P. 153
McCombie, John S.L. 9, 11, 22, 24, 38, 41, 156, 219
Mackie, T. 108
Macroeconomic Dialogue (MED) 5, 193–4
macroeconomic stability 280
macroeconomics 1, 8–9, 11–12
Maddison, A. 33
Mankiw, N.G. 18, 83, 172, 201, 206
manufacturing productivity 4, 151–74
manufacturing sector 143–7
marginal propensity to consume 72
marginality 54–5, 61, 62
Margin, S. 60, 291
market allocation 60
market areas 225
market imperfections 59–60, 88
Markov chain approach 172
Markusen, James 137
Marshall, A. 2, 44–50, 51–6, 61, 125
Martin, R. 223, 235
Marx, Karl 15, 44, 47
Mathews, Robin 119–20
maximum eigenvalue 267–8
maximum likelihood estimates 159–60
May, Kenneth 10
medium-run Keynesian theory of
aggregate demand and
unemployment 91–2
Mehta, A.K. 261
Melino, A. 83
Mellor, J.W. 271
Index

Mermet, E. 191, 192
Michl, Tom 38
microeconomics 1, 9, 12
Minhas, Bagicha S. 120–22, 124, 128–30
minimal social absorption capacity 232
Minimum Distance Estimator 210
Modigliani, Franco 35
monetary policy 108
Brazil 280, 283, 296, 299
wage-setting and 5, 179, 182–95
monopolistic competition 45, 50, 77, 152, 168
monopoly 45, 51, 52
power 152, 168, 171
profits 46
Monte Carlo studies 210
Moore, Basil 180
multi-level model (monetary-wage policy coordination) 185–7
multinational enterprises (MNEs) 4, 136–40, 142–3, 148
multiple cropping (India) 270, 274
multiplier–accelerator models 3, 65, 66, 70–71, 74, 76, 78–9, 91, 106
Myrdal, Gunnar 57
Naastepad, C.W.M. 22
NAIRU see non-accelerating inflation rate of unemployment (NAIRU)
Nataf, André 10
National Accounts Statistics 261
national income 66, 71–3, 117, 184, 192
national innovation system (NIS) 230, 231, 233, 239–40, 252
National Monetary Council (Brazil) 296
national Phillips curve 191, 192
National Rural Employment Programme 263
National Sample Survey (NSS) 260
National Science Foundation (USA) 249
natural rate of growth 16, 20–21, 75, 117
endogenous/exogenous 2, 32–41
Brazil 291, 293–4
definition 8, 11
Navaretti, G.B. 138, 141
NBER cycles 72, 73
negative externalities 225
Nelson, R.R. 155, 223, 235
neo-Kaleckian growth theory 21, 22
neoclassical endogenous growth theory 1, 16–19, 21, 22–4, 233, 235
neoclassical growth theory 16–19, 33, 96
new endogenous growth theory 33, 57–62, 96, 223–5, 231, 235
New Keynesian economics 88, 114, 115
Nickell, S. 182
nominal demand 187–91
nominal wages 187–9, 191–2
non-accelerating inflation rate of unemployment (NAIRU) 83, 96, 98
role of (wage-setting) 179–85, 191
time (evaluation) 88–90
non-ceiling hypothesis 77–8
non-excludability (knowledge) 228, 232
non-neutrality of money 280
non-rivalry 224, 230, 239, 247
Nonaka, I. 229
Nunnenkamp, P. 139
NUTS 2 regional system 156
OECD 181, 192
OECD economies 1, 202–3, 204
FDI and productivity 4, 136–48
natural rate of growth 2, 34, 39–41
unemployment and growth 3, 86–7, 101–2, 107–9, 112
Okun's Law 38, 94
oligopolies 45
OLS method 145, 146, 158
OLS regression coefficients 262, 264, 267
One-step Generalized Method of Moments (GMM1) 210
open method of coordination 192
‘operationality’ 225
ordinary budget 283–4
Oreiro, José Luís 300
Ottaviano, G.I.P. 151
output 14–15
actual 20
aggregate 16, 51, 52, 67
definition 1, 8, 11
Keynesian model, 83–98
potential, 19–20, 21
outsourcing, 244
ownership advantages, 137, 139
pair-wise Granger Causality tests, 266
Palley, T.I., 16
panel data approach, 201–6, 209–18, 219
Papell, D., 203
Park, W.G., 230
partial equilibrium, 49–50, 51, 54–5
Pasinetti, Luigi L., 35, 57, 128
patents, 140, 251
path-dependence, 1, 3, 14, 23, 24, 53, 125
Paula, Luiz Fernando de, 282, 296
perfect competition, 45, 83
peripheral regions, 5–6, 223–35
periphery, 6, 212, 214, 232, 234–5
Pesaran, M.H., 202, 216, 218, 220
Phelps, E., 155
Phillis curve, 90, 102–4, 107, 109, 111 augmented, 88
national, 191, 192
physical capital, 17, 18, 58, 94, 208, 254
Pigou, A.C., 46, 47, 49, 51–2, 53, 56
Pigou effect, 89
Pochet, P., 192
Polanyi, M., 229
policy initiatives (role), 247–9
‘political economy’ constraints, 179
political power, 92, 103, 108
political preferences, 103–4, 107–8, 111
positive externalities, 138, 295, 300
post-Keynesian approach, 6, 180–82, 279–80
potential output, 19–20, 21
poverty, 85
-gap index, 260
-growth nexus, 265–70
in rural India, 6, 259–75
power
distribution, 93, 101, 102, 103
political, 92, 103, 108
structure, 114
price-taking behaviour, 44–5, 47
price–wage link, 192–3
price mechanism, 88
prices, 16, 54, 89, 90, 91, 184
factor, 120–21, 124
stability, 188, 280, 285, 286, 295
primary fiscal surplus, 291, 295, 296, 299–300, 301
production function, 126
aggregate, 1, 8–10, 11, 33, 59, 118, 127, 202
Cobb–Douglas, 117–18, 122, 152, 169, 205
constant-elasticity-of-substitution, 4, 118, 120–21, 122, 152, 169
costant returns to scale, 10
ex ante, 120, 123
productive capacity, 137, 248, 280, 283–4
productivity, 23, 55–6
definition, 1, 11
Eastern Europe, 5, 206, 218
gap, 4, 137, 141–3, 145–8, 206
growth, 105–6, 111–14
growth model, 152–60
labour, 2, 22, 32–8, 40, 56, 84–7, 294
level ratios, 161–4, 173
manufacturing, 4, 151–74
natural rate of growth, 2, 32–8, 40
spillovers, 4, 136–48
total factor, 8, 11, 33, 218
wages and, 5, 193
profit, 21, 22, 48, 51, 52, 58
maximization, 77, 118, 152
propensity to consume (decline), 77
proportionality, 117
Pu, Shou-Shan, 10
public goods, 224, 227, 230, 232
public knowledge, 228, 230, 232
Puga, D., 151
purchasing power parity, 188, 297, 298
pure competition, 45
Quah, D., 172, 174, 204
quasi-rents, 48, 126
Quigley, J., 152, 154
Ragan, C., 83
rainfall (India), 271, 273
Ramsey, Frank, 125, 127
random effects specification, 209–10
raw materials, 76–7
Reagan administration 180
Real Plan (Brazil) 285–6, 296
realism 47, 54–5
Rebelo, S. 17, 58
recession 3, 32, 36, 39, 65, 68, 69
recursive cointegration 204
Reddaway, Brian 120
reduced form unemployment equation 107–11
rent 49, 52, 59
quasi-48, 126
representative firm 2, 44–62
research and development 59, 60, 155
in FDI 6, 238, 239, 240–57
peripheral regions 224–5, 228, 230, 233
reserve requirements 298
‘reswitching’ 9, 119, 123, 124, 127–8
returns to scale 164–7
‘reverse capital deepening’ 9, 119, 123, 124, 127–8
revival (of investment) 79
Ricardo, David 15, 124
Ries, J. 140
risk premium 298
Rivera-Batiz, F. 152
Rizvi, S.A.T. 57
Robbins, Lionel 50, 51, 52
Roberts, M. 23, 24, 247
Robertson, Dennis 48, 51–2, 53
Robinson, C. 141
Robinson, Joan 8, 9, 10, 21, 33, 35, 46, 74, 118, 119, 123, 125, 126, 127
Rodriguez, A. 140
Romer, D. 201, 293
Romer, Paul 16, 17–18, 58, 59, 224, 235
Rose, R. 108
Rowthorn, R.E. 21
Rudra, A. 265
rural India 6, 259–75
Rural Landless Employment Guarantee Scheme 263

Saggi, K. 139
Sala-i-Martin, X. 17, 172, 201, 205
Salter, Wilfred 48, 120, 123, 124, 125
Salvadori, N. 58
Samuelson, Paul 35, 66, 120, 123, 127
Sarajevs, V. 204, 208, 210
Sarno, L. 203
savings 17, 34, 35, 58
Sawyer, Malcolm 181, 182, 280
Say’s Law 19
‘Say’s Law in reverse’ 20
scarcity 58, 59, 60, 124, 127
Scarth, W. 83
Schramm, M. 151
Schulten, Thorsten 181, 184, 191–2
Schumpeter, Joseph 50, 51, 54, 57, 62, 75
Schwarz Information Criterion 216
science parks 249
scientific knowledge 230
screening function 230
searching function 230
Seidman, Laurence S. 180
self-sustained growth 65–6, 69–71, 73, 80
semi-endogenous growth theory 18
Sen, A. 261
services 225, 226, 239, 244
Setterfield, Mark 23, 89, 247
Shah, A. 261
Shaikh, Anwar 122
Sherman, H.J. 65, 66, 67, 71–2, 73, 79
Shin, Y. 216, 218, 220
short-period equilibrium 125
short-run theory 83, 84, 85, 88–91
Shove, Gerald 51, 52, 53
Sidgwick, Henry 49
sigma-convergence 5, 200, 204
Silverman, B.W. 161, 172
Sims, C.A. 269
single-country model 182–5
skills 245–7, 248
slump 3, 32, 36, 39, 65, 68, 69
small and medium enterprises (SMEs) 249
small RTS conditioning 166
Smarzynska, B. 140
Smith, Adam 15, 44, 47, 56
Smith, R. 202
social capabilities 232
social optimum growth rate 32
’social pacts’ 192
social rate of return 127
Solow, Robert 10, 16, 18, 33, 35, 58, 85, 88, 97, 117, 120–24, 127–30, 201, 219
Solow model 16–19, 33, 57–8, 201, 208, 218, 219, 220, 224–5
Soskice, D. 191
South–South investment trends 254–5
South–South tourism and trade 253
spaces, peripheral 231–5
Spatareanu, M. 140
Spatz, J. 139
specialisation 51–2, 227
specific knowledge 228
speculative bubbles 75, 78, 96
Spiegel, M. 155
spillovers
  effects 18, 22, 224
  productivity 4, 136–48
see also knowledge spillovers
Sportelli, M.C. 24
spot price inflation 281–2
Sraffa, Piero 48–50, 51, 52, 54–6, 57, 61–2, 124, 126
Stability and Growth Pact 179, 191
stagflation 88, 180
static analysis 61–2
steady-state equilibrium growth models 123
stochastic kernels 4, 161–8, 172–4
Stockhammer, E. 182
Stokey, N. 172
Strobl, E. 139, 141
structural reform 178, 185
structural unemployment 35
students, tertiary 245, 246, 248
Su, J-J. 204
subcontracting 244
Summers, R. 201
Sunley, P. 223, 235
supply
  aggregate see aggregate supply
curve 55
  effect of change in investment 68–9
supply-led FDI 244–7
supply-led growth 2, 14, 16, 19–22
supply-side policies 11
  Brazil 279, 281, 283–5
surplus labour 94
Svejnar, J. 203
Swan, Trevor 33, 117, 201, 219

t-bar test 216
tacit knowledge 228–9, 244–5, 251
Takeuchi, H. 229
taxation (Brazil) 298
technical knowledge 193, 194
technical progress 61–2, 95, 117, 264
  Eastern Europe 205, 219, 220
  endogenous growth theory 15, 17–18, 20–22, 33, 35, 37–8
  manufacturing productivity 154–7
  technological capabilities 232
  technological catching-up 232–3
  technological externalities 138, 153
  technological isolation effect 233
  technology
    foreign direct investment in 137–8
    gap 105, 106, 111, 112, 155, 158, 167–8
    transfer 95, 138, 204, 251, 256
Teece, David J. 244
territory 231
tertiary students 245, 246, 248
Thatcher government 180
Thirlwall, A.P. 16, 22, 38, 40, 41
Thirlwall’s law 282, 285
Thisse, J-F. 151, 154
3SLS estimates 210
time series test 203, 206–7, 209, 215
Tirolo, J. 251
Tobin, J. 89
total factor productivity 8, 11, 33, 218
tourism (developing countries) 6, 238
  economic importance of 252–3
  empirical trends 254–5
  impact of 256–7
  implications 255
  trace statistics 267
  trade cycle 36, 37, 54
  trade unions 98
    wage-setting 5, 181, 183, 185, 188–9, 191, 192, 195
  transaction costs 244
  transcoding function 230
  transfer process (knowledge) 225–31
  transferability of knowledge 156, 232–3
  transition economies (Eastern Europe) 5, 200–220
  transnational corporations (TNCs) 233, 241–2, 244–6, 250–51, 254, 256–7
Index

Traxler, F. 181, 191, 192
‘trees in the forest’ analogy 45–6, 53–4
Trenkler, C. 204, 207
trickle down effect (India) 6, 259–75
‘tropicalisation’ 243, 246
Two-step Generalized Method of Moments (GMM2) 210
2SLS estimates 158, 159–60, 210

‘uncontrolled outcome’ 225, 230
UNCTAD 138, 140, 243, 246, 248, 250, 255
unemployment 2, 35, 38–9
Brazil 281, 285, 286, 287, 291, 294
formal model 102–4
involuntary 89, 90
Keynesian model 3, 83–98, 101–15
long-run 3, 83–98
NAIRU 83, 88–90, 96, 98, 179–85, 191
reduced form (equation) 107–11
rural India 259
wage-setting and 178, 180, 181–2, 183–4, 186, 191–4, 195
unequal regional development 234
UNESCO 246
unit labour costs 184, 186, 189, 192–3
unit roots 266–7
convergence and 201, 214, 215–20
universal knowledge 228
upper physical limits 75–7
upper turning-point 73–8
upward instability 70–73
urban agglomerations 225, 234
urban concentration/centralization 234–5
urban economics 169–71
urbanization 225–6, 231
utilisation functions 119, 120, 121
utility maximization 152
Uzawa, H. 59
value added 136, 142–7, 238, 241, 255
value chain 250–51, 255, 257
VAR model 267, 269
Veblen, T. 155
vector error-correction (VEC) model 268–9
Venables, A.J. 137, 152
venture capital 249
Verdoorn’s Law 16, 37–8
Vertinsky, I. 140
Viner, Jacob 45

wage–price link 192–3
wage–price spiral 76
wage-setting
Brazil 285
growth strategy for Europe 5, 178–96
post-Keynesian economics 180–82
wage drift 191
wage policy (coordination) 182–95
wages 89, 90, 109
nominal 187–9, 191–2
Wakelin, K. 141
Walras, Leon 50
Walrasian general equilibrium theory 57
Wang, J.Y. 139
warranted growth rate 32, 35, 36, 291–2
Watt, A. 179, 193, 195
Weil, D. 18, 201
Weintraub, Sidney 180
welfare state 85, 178
Whitaker, John K. 50
Wicksteed, Philip 55
Williamson, Oliver E. 244
Wipro 244
Wolf, E. 142
World Bank 260
World Tourism Organisation 253
WTTC 253
WuXi Pharma Tech 250

Yeaple, S.R. 141
Yigit, T.M. 203
Young, Allyn 33, 37, 51–2, 56, 61–2

Z-statistic 216
Zhang, J. 38