

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–Hsaio 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

- 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
 Brühlhart, 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, S. 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
- dynamics (1975–1995) 161–3
 - 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
 - generalities 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

- 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
 - developing 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
- geography (of transfer process) 225–31
- Girma, S. 141
- Glass, A.J. 139
- globalisation 136, 143
- Globerman, S. 140
- Golden Age 37, 84–5, 91–5, 97–8, 102, 110, 114
- Goodwin, Richard 125–6
- Gordon, I. 153
- Görg, H. 139, 141
- Gorman, Terence 10, 11
- government bonds (Brazil) 298
- government spending multiplier 300
- Graham, E. 140

- 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
- 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
- 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 model of unemployment and growth 3, 83–98, 101–15
- 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
 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

- knowledge spillovers 153–4, 156, 160, 227, 232–3, 235, 250–51
 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
 marginalism 54–5, 61, 62
 Marglin, 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
 Matthews, 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

- 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
 theory (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
 –capital ratio 22, 34–5, 37, 117, 118, 127, 219, 292–3
 definition 1, 8, 11

- Keynesian model 3, 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
- Phillips 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
- constant 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
 - unemployment and 3, 83–98, 101, 105–7, 111–14
 - 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
- Tirole, 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

- 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

