Index

absolute poverty, 1
adverse external shock, 100, 101
Africa, 27, 28, 34, 38, 39, 59. See also
Middle East and Northern Africa;
Other Africa; Representative
Africa; sub-Saharan Africa
African Growth and Opportunity Act,
of 2000 (AGOA), 34
aggregate non-oil commodity prices,
ratio to manufacturing prices, 69
agriculture, 40; growth dynamics,
136–138; productivity growth
Amsden, Alice, 134, 156
Andean countries: agriculture and
industrial output share and annual
growth rate per capita, 40; capital
and labor productivity growth
rates and TPFG (1991–2004/2),
48–49, 50; commodity shares and
total exports, 60–61; countries in,
53; economic growth and
educational improvements
(1970–2000), 45, 45; exports
breakdown of regions, by percent,
66; GDP and annual growth rate
per capita, 38, 39; in global trading
system, 63; growth rates of output
and capital stock (1990–2004), 48,
48; information and
communication services as percent
of total service exports, 67, 68; labor
productivity growth and energy/
labor ratio, 51, 52; net borrowing
flows, 79, 79–80; productivity
growth (1990–2003/4), 42,
42–43; sectoral contribution to
productivity growth through
reallocation gains, 43, 43; services
sector as share of total exports
(1980–2005), 65, 65; shifts in
employment/population ratios
animal spirits, 8, 77
arbitrage, 76, 103
Asia. See South Asia; Southeast Asia
balance sheets, illustrative (T-accounts),
84–85, 85, 88, 91, 95, 111
Bangladesh, 62, 137
banking development, 12, 65, 89, 132,
149, 150, 153
Banque Général, Paris, 87
Basel Committee on Banking
Regulation, 89, 93–94, 110
Basel I, 89, 93
Basel II, 89, 93–94
bond markets, 12, 16, 88–92, 149–150
Braudel, Fernand, 21
Brazil, 99–100, 138
Bretton Woods Institutions, 11
Britain, 20, 130
business consulting services, 65
Camdessus, Michel, 79
capital account regulations, 106, 108–109
capital accumulation, 122, 146–147
capital and labor productivity growth, 48–49, 50
capital intensive trajectory, 20
capital management techniques, 107–111
capital productivity, 4–5, 47–51, 48, 50
capital stock, 41–42, 47–48, 48
Capitalism and Material Life (Braudel), 21
capitalism theories, 18–21
capitalized coercion, 20
causality, 17–18
Central and Eastern Europe (CEE), 39; agriculture and industrial output share and annual growth rate per capita, 40; capital and labor productivity growth rates and TPFG (1991–2004/2), 48–49, 50; commodity shares and total exports, 61; countries in, 53; economic growth and educational improvements (1970–2000), 45, 45; export structure of, 63; exports as percent of GDP by region (1870–1998), 59; exports breakdown of regions, by percent, 66; GDP and annual growth rate per capita, 38, 39; GDP per capita, 27, 28; growth rates of output and capital stock (1990–2004), 48, 48; information and communication services as percent of total service exports, 67, 68; labor productivity growth and energy/labor ratio, 51, 52; net borrowing flows, 79, 79; productivity growth (1990–2003/4), 42, 42–43; sectoral contribution to productivity growth through reallocation gains, 43, 43; services sector as share of total exports (1980–2005), 65, 65; shifts in employment/population ratios (1991–2003/4), 46, 46–47; Stage IV finance in, 91
central banks, 12, 15–17, 241125, 88, 102, 104, 107, 149; balance sheets for, 85, 86
Chenery, Hollis, 99, 144
Chicago Boys, of Pinochet, 87
Chile, 14, 79, 87, 113
China, 38, 53; banking in, 153; capital account regulations in, 108; capital and labor productivity growth rates and TPFG (1991–2004/2), 48–49, 50; capital productivity in, 48–49, 50; commodity shares and total exports, 60; economic growth and educational improvements (1970–2000), 45, 49; exports breakdown of regions, by percent, 66; GDP and annual growth rate per capita, 37–38, 39; GDP per capita, 27; growth rates of output and capital stock (1990–2004), 48, 48; information and communication services as percent of total service exports, 67, 68; labor productivity growth and energy/labor ratio, 51, 52; net borrowing flows, 79, 79–80; productivity decomposition for, 44, 44; raw material demand from, 70; sectoral contribution to productivity growth through reallocation gains, 43, 43; services sector as share of total exports (1980–2005), 65, 65; shifts in employment/population ratios (1991–2003/4), 46, 46–47; technological shifts in, 62
claims, values of, 85
coefficient-intensive path, 20
collateral, 92–93
commercial banks, 84, 85, 86, 88–89, 93
commodities, 32, 68–69, 69, 71, 72
communications services, 67, 68
Communist Manifesto (Marx), 18
Confucianism, 20
consumption-smoothing behavior, 76 convergence, 142–143
corporate bond market, 89, 149
Council for Mutual Economic Assistance (COMECON), 63
crashes, 93
credibility, 15
credit, 89–90, 111
cross-country econometrics, 70
crowding out deficits, 75
debt relief, 2
decomposition techniques, 54–56
deficits, 75, 76
demand, 78, 121–122
derivatives, 91
developing countries, 29, 31
development banks, 12, 89, 132, 149–150, 153
development policy, 10–12
Diamond, Jared, 21
discrepancy, 3
diversification, 92
domestic bond markets, 16, 91, 149
domestic financing, 11–12
dual economy model, 121
Dutch disease, 13, 14, 68, 73, 112
economic growth, 1–10, 41, 45, 45
Economic Origins of Dictatorship and Democracy (Acemoglu and Robinson), 17
Economist magazine, 13
education, as public good, 45–46
embedded autonomy, 134
emerging markets, 14, 91, 92, 118
employment growth patterns, 46, 46–47, 112, 124
employment to population ratio, 41
energetics movement (nineteenth century), 51
energy productivity growth, 51, 52, 53
energy/labor ratios, 51, 52, 53
Entrepreneur Magazine, 127
entrepreneurs, 92, 114
equilibrium, 20, 97–99, 112, 117, 125, 126, 128
excess competition, 132
exchange rate targeting, 14–15, 152
exports, 91, 156; breakdown of regions, by percent, 65, 66; of information and communications services, 67, 68; as percent of GDP by region (1870–1998), 59; quality of, as growth determinant, 70; by region, 60–61; specialization pattern of, 70–71, 72; transformation of structure of, 70–71, 72; value-added and technological content importance, 70
external balance, 12–13, 15
external financing, 11–12
external gap, 78, 99, 102, 147
external shocks, 13, 100, 101, 146–147
external strangulation, 73
Fannie Mae, 92
finance sector, 85, 91–92
financial development, 148–150
financial flexibility, 86
financial instability hypothesis, of Minsky, 89
financial programming exercises, 76
financial stability motive, 120n10
financial structures: national financial accounts, 84–85; pro-cyclical regulatory complications, 93–96; Stage I finance, 85–87; Stage II finance, 88–90, 104; Stage III finance, 90–91; Stage IV finance, 91–92, 110; Stage V finance, 92–93, 110
firms, 134
fiscal gaps, 99
flight to quality, 14, 90
flow accumulation, 85
foreign aid, 2, 98, 100, 111–114
foreign capital flows, 14–15
foreign direct investment (FDI), 41, 49, 51
foreign exchange markets, 11–12, 124, 152
foreign exchange reserve management, 106–107
foreign trade and growth, late twentieth century, 58–74
Freddie Mac, 92
free trade, 135–136, 154
French Annales historians, 21
Freud, Sigmund, 23n24
Friedman, Milton, 87
gap analysis, 99
General Theory (Keynes), 3, 90
global development cycle, 30, 30
government, 84, 85, 86, 88, 98, 99, 100
great divergence, 28, 143
Green Revolution, 137
gross domestic product (GDP), 1, 3, 4; in agriculture, per capita, 38, 40; developing countries, 27; industrial, per capita, 38, 40; per capita, and specialization, 71, 72; ratios per capita, 25, 26; sectoral annual growth rate per capita, 1970–2006, 37–38, 39
growth: in agriculture, 40, 136–138; convergence, 142–143; for developing economy, 121–130; dual economy, 125–128, 126; economic, 1–10, 41, 45, 45; external shocks, 146–147; failure of, 142; financial development, 148; fluctuations in, 29, 29–30, 30; historical terms of policy and, 25–36; international environment, 156–157; international factors role in, 143; jobless, 6; low-level trap, 128–130, 129; macroeconomic policies, 149–152; in modern sector, 122, 123, 124–125; policy alternatives, 148–157; production structure and, 8–10; productivity, 145–146; rates of output and capital stock, 47–48, 48; sectoral net-borrowing
patterns, 147–148; sectoral policy and, 121–141; stable patterns of, 71; structural transformation policies, 152–156; structure importance, 144–145; success association with States and markets, 148; technology and natural resource content associated with, 71

Guns, Germs, and Steel (Diamond), 21

Hamilton, Alexander, 10
Heavily Indebted Poor Countries (HIPC), 32
Heckscher, Eli, 132
hedging, 89
herd behavior, 94
high-powered money, 96
high-tech manufacturers, 71, 72
Hirschman, Albert, 144
horizontal incentives, 155
housing market, 92, 149
human capital, 7, 41, 45–46, 114, 143, 146
illustrative balance sheets (T-accounts), 85, 88, 91
imports, 10, 63, 101, 124, 134
incentives, 107, 128, 138, 151, 155–156
India, 64, 108, 138
industrialization, 73, 130–137, 131, 133
inflation targeting, 15, 104–106
initial public offerings (IPOs), 92
innovation, 153–155
insertion, 8
institution building investment, 156
insurance, 65
Intel, 63
interest rate parity, 103–104
interest rate shock, 1, 31–32, 99
international environment, changes in, 25, 30–33, 31, 156–157
International Monetary Fund (IMF), 2, 11, 76, 79, 80, 83, 86, 113–114, 147
international rule making, 156–157
international trade, 10, 70
Internet revolution, 64
IS/LM/BP model, 114, 117–118
Ivory Coast, 13
job creation, 9, 41, 44, 47
jobless growth, 6, 125
Kaldor, Nicholas, 6, 10, 121–122, 145
Kaldor model, 9, 121, 122, 123, 124, 139–140
Kaldor-Lewis model, 125–126
Kaldor-Rada model, 126, 126, 129, 129–130
Kaldor-Verdoorn model, 121, 122, 125, 126, 127, 128, 139–140, 145
Kalecki, Michal, 122
Keynes, John Maynard, 3, 6, 8, 88, 89, 90
Keynesian growth models, 121
labor, 4, 121, 131, 131–132
labor productivity growth, 41, 42–46, 48–49, 50, 51, 52
laissez-fair economic development, 131
Lao Tzu, 112
Latin America, 14, 59, 78, 79, 108–109, 113, 120
Law, John, 87
Lewis, A. Arthur, 10, 125, 137
Lindblom, Charles, 21
liquidity, 86–91, 107–108
List, Friedrich, 10
lost decade, of 1980’s, 80, 83, 113
low-level trap, 128–130, 129
low-tech manufacturers, 71, 72
Luddite, 125, 141

macroeconomics, 75–76, 149–152; capital management techniques, 107–111; counter-cyclical fiscal policy, 102–103; environment and growth of, 12–16; external shocks, 13; foreign aid, 111–114; foreign

Downloaded from cupola.columbia.edu
macroeconomics (continued)
capital flows, 14–15; foreign exchange reserve management,
106–107; inflation targeting,
104–106; interest rates, 103–104; policy choices, 97–120; policy space,
15–16; pro-cyclical adjustment and three gaps, 97–102; structuralist,
124; traditional interpretations,
76–78; twin deficits in
development, 76
Malaysia, 108–109
Malthus, Thomas, 7–8, 127, 138
market friendliness, 19
market makers, 150, 153
market-based controls, 108–109
Marshall Plan, 112–113
Marx, Karl, 7–8, 17–18, 48, 132, 144
medium-tech manufacturers, 71, 72
Mexican Tequila crisis, of 1994, 79
Mexico, 14, 21, 28, 63, 106
Middle East and Northern Africa
(MENA), 39; agriculture and industrial output share and annual growth rate per capita, 40; capital and labor productivity growth rates and TPFG (1991–2004/2), 48–49, 50; commodity shares and total exports, 61; countries in, 53;
dependence on export of natural resources, 64; economic growth and educational improvements (1970–2000), 45, 45; exports breakdown of regions, by percent, 66; GDP and annual growth rate per capita, 38, 39; GDP per capita, 27; growth rates of output and capital stock (1990–2004), 48, 48; information and communication services as percent of total service exports, 67, 68; labor productivity growth and energy/labor ratio, 51,
Millennium Development Goals (MDG), 2, 13, 113–114
mining, 41, 62–64
Minsky’s financial instability hypothesis, 89
Mississippi crisis, 87, 95, 96
modern sector, growth dynamics in,
122, 123, 124–125
monetarism, 76–77, 86
Monterrey Consensus, 34
Moore, Barrington, Jr., 17, 20
Multilateral Debt Relief (MDR), 32
Mundell-Fleming model, 114, 117, 119
national financial accounts, 3, 84–85
natural resources-based manufacturers, 71, 72
net borrowing, 75–96, 79, 97–98, 114–119
Nigeria, 34, 38, 39
non-accelerating inflation rate of unemployment (NAIRU), 104–105
non-bank financial sector, balance sheets, 84, 85
North American Free Trade Agreement (NAFTA), 138
official development assistance (ODA), 34
oil boom, 28, 70, 82, 83
open economy, 58–74, 114–119
Organization for Economic Co-operation and Development (OECD), 25, 26, 27, 35, 51, 52, 137;
labor productivity growth and energy/labor ratio, 52
Organization of the Petroleum Exporting Countries (OPEC), 39
output growth, 5, 9, 37–42
outsourcing, 64
overborrowing, 89
overdetermination, 20
overvaluation, 73, 146

Paris Declaration on Aid Effectiveness, 36
parity interest rate, 104–106, 147, 151
Perry, Commodore, 17
Polak, Jacques, 76–79
Polanyi, Karl, 19
Politics and Markets (Lindblom), 21
Ponzi finance, 14, 23; 89, 119
portfolio balance models, 114, 117, 119
Prebisch, Raúl, 68–70, 144
price fundamentalist agrarian policy, 137
private borrowing, 77, 80, 99
private capital, 34, 78
private non-financial sectors, balance sheets for, 84–85, 85
private sector, 85, 89, 91, 96n1, 98, 99, 100, 155
pro-cyclical policy, 13, 93–102, 105–106, 110, 147, 148, 150–151
production, 8–10, 154
Protestant ethic, 17, 20
pro-trust policies, 135, 153
prudential regulation, 109–111
purchasing power parity (PPP), 25, 56, 57n2, 76
Ramsey, Frank, 5, 22
real GDP, 3–4
real income levels, 25–26, 26, 27, 28
real output, 3–4
reciprocal control mechanisms, 134, 156
Representative Africa (RA), 38;
Representative Africa (continued)  

savings, 99, 101
Say’s Law, 77, 104, 119n5, 125
Schultz, T. W., 137
Schumpeter, Joseph, 144
second-round effects, 105
sectoral net-borrowing patterns, 147–148
sectoral reallocation gains, 43, 43
securitized loans, 92–93
Sen elasticity, 125–127, 137, 140
services sector, 42, 42–43, 44, 65, 65
Singer, Hans, 68–70
Smith, Adam, 7, 10, 18, 20
Solow, Robert, 5, 22n4

Downloaded from cupola.columbia.edu
Taiwan, 156

tariffs, 11, 132, 134–135, 153
Taylor, Lance, 104, 122

technology, 6, 8, 53, 62, 70–71, 141n8, 144, 146, 154–155
Tigers, 20; capital and labor
productivity growth rates and
commodity shares and total exports, 60; countries in, 53;
economic growth and educational improvements (1970–2000), 45, 45;
exports breakdown of regions, by percent, 66; GDP and annual growth rate per capita, 37–38, 39;
GDP per capita, 27, 28; growth rates of output and capital stock (1990–2004), 48, 48; information
and communication services as percent of total service exports, 67, 68; labor productivity growth
and energy/labor ratio, 51, 52;
net-borrowing flows, 79, 79–80;
productivity decomposition for, 44, 44; resource gaps in, 80, 81; sectoral contribution to productivity
growth through reallocation gains, 43, 43; services sector as share of total exports (1980–2005), 65, 65;
strong job creation in, 41;
technological shifts in, 62

total factor productivity growth (TFPG), 5, 41–42, 47–51, 48, 50

tourism, 65
trade: economic slowdown influenced by, 68; instruments, 153;
liberalization, 129, 153; open
economies and patterns of, 58–74;
openness to, 136; patterns, 59, 59,
60–61, 62–64; in services, 64–68,
65, 66–68; specialization patterns
and economic performance, 70–71,
72, 73; terms of, 68–70, 69
trade specialization indicator (TSI), 72
trade-related investment measures
(TRIMs), 135

Treatise on Money (Keynes), 90

trilemma, 15–16, 114, 117–118, 119n8
twin deficits (TD), 15, 75–78, 79, 79, 87

Ukraine. See Russia and Ukraine
underemployment, 121, 122, 145
underutilization, of labor, 121

United Nations, 2

United Nations Economic Commission
for Africa (UNECA), 34

unremunerated reserve requirement
(URR), 108–109

unstable external financing (UEF), 76, 78

USSR, former, 80; commodity shares
and total exports, 61; countries in,
53; export structure of, 63; GDP
per capita, 27

value-added, 4, 154

wage repression, 131, 131–132

Washington consensus, 2

Weber, Max, 20

Western Offshoots, 25

Wicksell, Knut, 87

windhandel (wind trade), 91

World Bank, 2, 11, 13, 19, 73, 96n6, 114, 136

World Trade Organization, 73, 135