Analytical Summary

David MATESANZ GÓMEZ, Guadalupe FUGAROLAS ÁLVAREZ-UDE and Eduardo CANDAUDAP
"Balance of Payments and Economic Growth Constrained. A Comparation Between Argentine and Mexico"
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Mexican and Argentine economic growth have shown common features in the last five decades. On one hand, both countries have shown a rapid economic growth before debt crises in the eighties; after those years, growth rate dropped and intense crises occurred (Mexico 1994-95 and Argentine 2002). On the other hand, both economies have shown very different international patterns of specialization but both face up similar balance of payments restrictions on growth. The aim of this paper is to compare the economic growth dynamic in Mexico and Argentine in the 1968-2003 period. In so doing, we use the balance of payments constraint model, labelled Thirlwall´s Law. We demonstrate the existence of a long-run relationship among economic growth, exports and terms of trade in the Mexican economy. We compare these estimations with those for Argentine economy adressed by Fugarolas and Matesanz (2007). Our results show that the balance of payments constrained model is useful to explain the dynamics of economic growth and the recent crises in both countries.

Norberto E. GARCÍA
"Employment and Globalization in Latin America"
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A significant change towards more open economies, market oriented growth and less state intervention, took place in nearly all Latin American experiences in 1975-93. However, the growth of formal employment reaches the rates of 1950-80 only during the external induced economic boom of 2002-06 –with the exception of Chile and Costa Rica, the only two countries that overcome the 1950-80 rates before the 2002-06 boom. In spite of the external boom, the share of low productivity informal employment in the EAP was in 2005 between 40 and 65 per cent, in all countries excepted Chile and Costa Rica, where it was lower. These figures are quite higher than the ones of 1980, an issue that contributes to explain why a significant fraction of the population do not share the benefits of growth –with the corresponding political implications. Towards the future, even in an optimistic scenario, the share of informal employment will remain very high in many countries during the next 25 years, an issue that point towards the need of active policies to deal with it.

André MOREIRA CUNHA and Julimar DA SILVA BICHARA
"Financial Globalization and Peripheral Strategies: Recent Experiences in Latin America and Lections from Asia"
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In the literature about Economic Development, a great number of theories suggest a positive relationship between financial liberalization and economic growth. Despite this, recent financial liberalization wage has generated exchange crisis, economic instability and a low growth rate in the peripheral economies. In this paper, we stress the idea that there is a remaing conflict between the tendency to globalize the economic relations and the search for autonomy in the management of the economic policy, within an environment of instability and a liberal new economic order. We compare the Asian and Latin American economic paths after the financial crisis of 1997, analyzing, moreover, some recent changes in the international financial architecture.

Antonio SANABRIA MARTÍN and María José PAZ ANTOLÍN
"Evaluating the Policies to Attract FDI: The Case of the Central American Power Sector"
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Policies to attract FDI have changed significantly during the 80's. The primary objective of this change was developing in the countries the most favourable conditions to attract FDI. For this reason, one of the most innovative feature of these new policies is the liberalization and privatization of the services. This is especially important because while offshoring processes were present in industrial activities since the end of the Second World War, it was not the case of the services sector. Therefore, policies to attract FDI led to the international expansion of a few firms, particularly from America and Europe.
The objective of this paper is to analyze the results of these policies in the countries receiving the FDI, especially in the case of developing countries, because FDI was considered to play an important role in their development strategy.

Carlos AZZONI and Paulo C. DE SÁ PORTO
"How International Integration Affects the Exports of Brazilian States"
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This paper assesses the impacts of international integration on the export flows of Brazilian states. We use a gravity model with dummy variables for the main partner blocs and for each pair Brazilian region - partner country, to account for the specificities of particular trade relations. Variables capturing regional openness and competitiveness are also included. We estimate a pooled cross-section model, with data for 24 countries, 27 states, and 4 years. After controlling for size and distance, trade with Mercosur and the EU is more intense than with the rest of the world. States accounting for larger shares of interregional trade tend to trade less internationally, while the opposite holds for those that are more competitive. The results also indicate that sectoral specificities play a role in explaining state's exports, as in the case of agriculture.

Francisco RODRÍGUEZ ORTIZ
"An EU Budget for the Monetary Union and the Enlargement?"
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The budget of the European Union demonstrates its capacity for economic performance and shows the member states' will to enhance European integration. Although the EU budget should be a basic tool for economic adjustment in a monetary union, as well as creating a greater mobility in terms of production factors and price flexibility, its core importance should have been reinforced by the recent enlargement of the EU. However, the new political reality in Europe, the current economic conditions and restrictive budgetary policy have worked against the development of EU finances. In its present form, the 2007-2013 financial framework will not enable the EU budget to enhance economic and social cohesion. Neither will it allow Europe to return to economic growth nor meet the competitiveness and efficiency targets set in Lisbon.

Luis Fernando LOBEJÓN HERRERO
"Demand, Economic Growth and Monetary Integration. The Italian Case"
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Italy was among the most dynamic European countries during the first decades after the Second World War. Nowadays, however, its GDP growth is really low. This paper examines this experience, using a methodology connected with the Keynesian tradition, especially with some studies focused on the impact of exports on growth. A new econometric model based on this Keynesian framework shows that not only exports, but all exogenous components of demand have had an important effect on Italian economic evolution. It also shows that the controversial participation of Italy on the process of building up the European monetary integration might have had a negative impact on that evolution.

Adolfo FERNÁNDEZ PUENTE, Patricio PÉREZ GONZÁLEZ and Marta BENGOA CALVO
"Trade Integration and Technological Difussion. The Sub-Saharan Africa Experience"
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The main objective of this article is the analysis of the economic effects of trade integration in Sub-Saharan Africa. We define a theoretical model that use the Mankiw, Romer and Weil (1992) background, and includes trade openness as a key variable to absorb the technology generated by developed countries in the technological threshold. Not only are domestic factors considered, but also the economic performance of the most developed countries around the world. These predictions are tested using GMM technique in a panel data performed on a sample of 22 countries belonging to the Sub-Saharan region over the period 1970-2003. The estimations confirm that Africa's growth rates are positively related to investment and human capital accumulation. Greater integration and economic freedom in internal and external markets are the key to a sustainable growth rate. GDP growth per capita in OECD countries generates positive externalities in the Sub-Saharan region, by activating external demand and technological diffusion.