

---

# Subject Index

- Balance of payments  
during trade liberalization, 23–24  
Argentina, 231–32, 234  
Bolivia, 283  
Chile: in authoritarian regime, 117, 118–19,  
122; under democratic regime, 133–34  
Israel: current account with stabilization,  
186–88  
Turkey: with sectoral reform, 359
- Budget deficits  
effect of fiscal instability, 83  
in classical hyperinflation, 373–74, 376  
in new hyperinflation, 383  
role in halt to hyperinflation, 378–79  
Argentina, 229–30, 383, 395–96  
Brazil, 383  
Chile: quasi-fiscal central bank, 132  
Israel, 181–82  
Mexico: with increased state spending,  
58–59  
Peru, 383  
Turkey, 349, 353, 356
- Business cycles, coffee-producing countries,  
89–94
- Capital flows  
Chile: inflows, 134; international, 129–31;  
international mobility, 145  
Mexico: controls, 60
- Capital formation  
Bolivia, 254–55, 257–59, 283  
Chile, 133, 143
- Civil unrest, Turkey, 352
- Closed trade regimes, Latin America, 14
- Coalition governments, Turkey, 350–52
- Coca/cocaine industry, Bolivia  
effects of, 257–59  
in informal economy, 240–43  
revenues from, 282–83
- Coffee-producing countries  
business cycles and social progress, 89–94  
cross-section result relating stability and  
progress, 100–103  
differences in development, 94–100  
time series evidence for stability and prog-  
ress, 103–11
- Commodity stabilization mechanisms, 109
- Consumption, Israel, 181–83, 218–20
- Convertibility law, Argentina, 235–36
- Coup d'états, Turkey (1960), 347, 352
- Credit policy  
Bolivia, 261, 284  
Israel, 185–86  
Turkey, 353, 356–58, 365
- Currency  
appreciation with simultaneous stabilization  
and liberalization, 50–52  
Argentina: model of appreciation, 232–36;  
overvaluation, 285–86; strength, 226  
Israel: foreign currency purchases, 198–  
201; with stabilization, 178–80, 197–98  
Mexico: depreciation, 59  
Turkey: appreciation, 364; devaluation  
(1958, 1970, 1980), 346, 348; removal of  
restrictions, 365–66
- Data sources  
for analysis of Brazilian income distribu-  
tion, 169–70

- Data sources (*continued*)  
 for tests of macroeconomic stability and social progress, 112–13  
 for total factor productivity analysis, 19–20, 44–45
- Debt, external  
 Argentina, 229  
 Bolivia, 373–74  
 Chile, 117–19, 144  
 Mexico, 69  
 Turkey, 351–52
- Democracy, Argentina, 228
- Demographics, coffee-producing countries, 99–100
- Deregulation  
 distribution results with, 336  
 market failure with, 338  
 problems of, 337–38  
 Argentina, 227  
 Latin America, 14  
 Mexico: airlines, 324–25; customs transactions, 327–28; electric utilities, 326; fishing, 328–29; framework, 312–15; petrochemical industry, 326–27; port system, 322–23; technology transfers, 325–26; textile industry, 329; transportation, 315–22, 336–37  
 Peru, 392
- Development paths, Bolivia, 273–74
- Development traps, Bolivia, 268
- Dollarization, Peru, 399
- Economic growth  
 factor accumulation model, 16–22  
 impact, 4–5  
 Argentina: effect of reforms, 401–402  
 Bolivia: after stabilization, 264–68; effects of inflation, 259–64; model, 251–53; model with endogenous growth, 253–54; with reforms, 1; sources, 244–49  
 Chile: effect of reforms, 1, 402; investment and saving for, 139–46; private sector role, 115; vulnerability to external shocks, 144–46  
 Israel: with stabilization, 81–82; transition from stabilization to, 189–97  
 Turkey: with policy changes (1980–83), 353–55; post–World War II, 346; with sectoral reform, 358–59, 362; with stabilization, 347–48
- Economic performance  
 Chile: during democracy (1990s), 146–47; during military regime, 116–22  
 Israel: slowed (1980s–90s), 189  
 Turkey: private sector, 365
- Economic policy  
 setting boundaries of policies, 297–99  
 Chile: in authoritarian regime, 116–24; of democratic regime, 124–34  
 Turkey: Özal reform (1980), 351  
*See also* Fiscal policy; Monetary policy; Stabilization programs; Trade policy
- Economic shocks  
 Bolivia, 249–53  
 Chile, 144–46
- Educational systems  
 in coffee-producing countries, 96–99  
 Brazil: effect on income inequality, 158, 161–63, 167–68  
 Chile, 144
- Exchange rate band, Israel, 198–203, 207–8
- Exchange rate policy  
 during trade liberalization, 23–24  
 Argentina: effect of fixed rate, 233–34; with stabilization, 394, 399–401, 410  
 Brazil, 393, 399  
 Chile: in authoritarian regime, 119; in democratic regime, 145–46  
 Israel: as basis for stabilization, 197–203; inflation stabilization, 197–208, 220–21  
 Latin American trade reform, 29–30  
 Peru, 392, 399–401
- Exchange rates  
 appreciation, 36–43  
 appreciation during disinflation, 402–404  
 behavior of Latin American real, 29, 36–43  
 Latin American nominal anchor, 40–41  
 Israel: appreciation with stabilization, 208; result of stabilization, 178–80  
 Turkey: changes in nominal (1980s), 352–53; changing values, 364; overvaluation, 348–49
- Exports  
 post-reform volume in Latin America, 14–15, 32–36  
 Bolivia: diversification, 249; of natural resources, 247–48; prices, 265, 287  
 Chile: in development strategy, 143–44; diversification, 119, 144; volume, 119–20, 137–39  
 Israel: with exchange rate appreciation, 208–14; export-led growth, 194–95  
 Turkey: with policy changes (1980–83), 355, 358–59
- Expropriations, Mexico, 56, 60–61

- Fairness  
 signaled by uniform tariff rates, 294–95  
 in tax policy, 291
- Federalism, Argentina, 230
- Financial market integration, Chile, 145
- Financial sector  
 during trade liberalization, 23  
 Bolivia: in development, 271–72; development with hyperinflation, 262–63; with inflation, 261–62; minimal reform, 284  
 Brazil, 393, 409  
 Chile, 121; proposed legislation for modernization and deepening, 143  
 Turkey: effect of liberalization, 353
- Fiscal deficit. *See* Budget deficits
- Fiscal policy  
 in halt to classical hyperinflation, 373  
 to halt classical hyperinflation, 378–79  
 Argentina: to halt inflation, 392–93, 410; reform, 228, 229–30  
 Bolivia, 283–84  
 Chile: post-military regime, 131; tax reform, 126  
 Israel: adjustments with stabilization, 180–82  
 Mexico: redistribution era (1970–76), 58–60; reform, 53–54, 70  
 Peru, 392  
 Turkey, 353  
*See also* Spending, government; Tax policy
- Foreign aid, Turkey, 347
- Formal sector, Bolivia, 240–41
- Free trade agreements, Chile, 138–39
- Gini coefficient, Brazil, 158–60
- Government  
 political manipulation in game theoretic model, 68–69  
 relations with taxpayers, 292–95
- Government intervention  
 Bolivia: development trap conditions for, 268  
 Mexico, 313  
 Peru, 392
- Government role  
 Chile: during authoritarian regime (1973–89), 116–22  
 Mexico: public service doctrine, 313–14
- Health status, coffee-producing countries, 96–97
- Human capital, Bolivia, 269–71
- Human development index (HDI), 80  
 recommendations for improved, 85  
 in test for macroeconomic stability, 82–84
- Hyperinflations  
 costs of, 401–404  
 criterion for beginning and end, 371–73  
 descriptions of classical, 373–78  
 mechanisms to halt classical, 378–79  
 new, 379  
 origins of new, 386–90, 409  
 seigniorage in classical, 374, 376  
 Argentina, 369–72, 385; origins, 389–90  
 Bolivia: classical form of, 369–70, 372, 373–78; effect of, 242, 259, 262, 287; impact of, 259–64; policies to halt, 378–79  
 Brazil: halt to, 369–72, 385; origins, 389–90  
 European (1920s), 372, 373–74, 376–79  
 Peru, 370, 371–72, 385; effect of, 401; origins, 386, 388–89
- Import licensing  
 Colombia and Peru, 25  
 Latin America, 14  
 Turkey, 346, 350, 355
- Import substitution  
 effect in Latin America, 27  
 Chile, 13  
 Mexico, 58  
 Turkey, 346, 347–48, 351, 365
- Income distribution  
 curves and indexes measuring, 158  
 differences in four coffee-producing countries, 94–95  
 with stabilization and economic growth, 4–5  
 Bolivia: inequalities, 240; policy options, 274–75  
 Brazil: determinants of inequality, 163–67; inequality of, 151–58; sources of inequality, 161–63  
 Chile: under authoritarian regime, 122–24; under democratic regime, 128
- Indexation, Brazil, 401, 410
- Industrial sector, Bolivia, 283
- Inflation  
 effect on seigniorage levels, 388  
 Argentina, 228, 379; disinflation program, 232–36; link to hyperinflation, 389–90; maintenance of high rates, 383–84, 386, 394; rates compared to European hyperinflations, 406–7; slow convergence to low, 396–99

- Inflation** (*continued*)
- Bolivia, 242–43, 284; effects of, 259–64; hyperinflation, 242, 259, 262, 287; rates compared to European hyperinflations, 405–6
  - Brazil: as determinant of inequality, 163–68; effect on economic growth, 401; effect on income distribution, 152–54; link to hyperinflation, 389–90; maintenance of high rates, 370–71, 379, 383–84, 386; rates compared to European hyperinflations, 406–7
  - Chile, 1, 133
  - Israel: exchange rate policy in disinflation, 197–208, 220–21; with stabilization, 177–78, 181–82
  - Peru, 370–71, 379; maintenance of high rates, 383–84, 386; rates compared to European hyperinflations, 406–7; slow convergence to low, 399; stabilization program to reduce, 388
  - Turkey, 346, 347–50, 353, 359, 361, 363–65, 408
  - See also* Hyperinflations
- Informal sector**, Bolivia, 240–41
- Institutional investors**, Chile, 143
- Interest groups**, Mexico
- interaction (game-theoretic model), 56–61
  - manipulation by public and private sector, 54–61
  - motives in trade policy, 54–62
  - See also* Rent-seeking groups, Mexico
- Interest rates**
- Chile, 133
  - Israel: real and nominal with stabilization, 185–86
  - Turkey: nominal and real, 349–50, 356, 364
- International Monetary Fund (IMF)**
- role in Bolivian stabilization, 283–84
  - role in Turkish economic policy, 346–47, 350–52
- Investment**
- Argentina: foreign, 228
  - Bolivia: foreign, 284; private, 283
  - Chile: direct foreign, 144; for economic growth, 140–44; financing of, 133, 135–36
  - Israel: link to economic growth, 189–97; with stabilization, 186–93
- Labor force**, Chile
- legislative reform, 136–37
  - reform under military regime, 117
  - wage legislation, 126–28
- Lorenz curve**, Brazil, 158
- Macroeconomic policy**, Turkey, 359–66
- Mining sector**, Bolivia
- declining productivity, 250, 287
  - importance of, 240–41, 283
- Monetary policy**
- to halt classical hyperinflation, 378–79
  - Chile: democratic regime, 129–31
  - Peru, 389
  - Turkey, 353, 364
  - See also* Currency; Exchange rate policy; Fiscal policy
- Money supply**, Israel, 184–86
- National Narcotics Intelligence Consumer Committee (NNICC)**, 243, 258
- Nontariff barriers**
- reduction with trade reform, 25–27
  - Chile, 138
- Open trade regimes**
- effect on economic growth, 3, 5–6
  - long-run effect, 22
  - model of impact on growth, 16–22
  - policy issues in transition to, 22–36
  - selected Latin American countries, 26f
  - simultaneous with stabilization, 50
  - transition to, 22
  - Argentina, 228–30
  - Chile, 117, 138
- Pension funds**, Chile, 143
- Political instability**
- Bolivia, 240–42, 248
  - Turkey: coalition governments, 350–52
- Populism**
- macroeconomic policy in response to, 4–5
  - Mexico, 54–61
  - See also* Rent-seeking groups, Mexico
- Populism**, macroeconomic, 2, 5
- Poverty**
- effect of instability on, 5
  - Bolivia, 5
  - Chile: during and after military regime, 122–25; with economic growth, 115, 139
- Price levels**
- Argentina, 223
  - Israel: control, 183–84
  - Peru: control, 388
  - Turkey: Özal reform (1980), 351

- Private sector  
 Chile, 115  
 Israel: consumption, 182–83  
 Mexico, 54–68, 71, 74, 312  
 Turkey, 365  
*See also* Rent-seeking groups, Mexico
- Privatization  
 in halt of hyperinflation, 391  
 potential conflict with deregulation, 337–38  
 Argentina, 226–27, 229–30, 394  
 Brazil, 392–93  
 Chile: during military regime, 116–17, 121  
 Latin America, 14  
 Mexico, 53–54, 312  
 Peru, 392  
 Turkey, 355–56
- Protection  
 effect in Latin American countries (1980s),  
 14–15, 25–27  
 policy goals to reduce, 28  
*See also* Import substitution; Nontariff barriers; Tariffs
- Public sector  
 growth effect on hyperinflation, 383  
 Bolivia, 262  
 Brazil, 392–93  
 Chile: financial, 132–33  
 Israel: investment, 193–94  
 Mexico, 54–68, 71; impact of regulation  
 on, 313–15  
*See also* Rent-seeking groups, Mexico
- Ramsey taxation, 300–302, 304, 306, 335
- Regulation, Mexico  
 with privatization, 312  
 public service doctrine, 313–15
- Rent distribution, 336–37
- Rent-seeking groups, Mexico  
 game-theoretic model, 56–58, 62–67  
 game-theoretic motives, 54–56  
 possible outcomes and payoffs in game-  
 theoretic model, 65–68  
 possible outcomes and payoffs with re-  
 verted reform, 69–70
- Saving, Chile  
 in authoritarian regime, 120  
 for economic growth, 142–43  
 public sector, 131–33  
 sources of domestic, 143
- Seigniorage  
 avoidance in new hyperinflation, 383–84,  
 386–87  
 in classical hyperinflation, 374, 376–77,  
 383  
 in high and chronically high inflation,  
 410–11  
 Argentina, 388–89  
 Brazil, 388–89  
 Peru, 383–84, 386–89
- Social progress  
 in countries with macroeconomic stability,  
 82–84  
 cross-sectional results with macroeconomic  
 stability, 100–103  
 formula and measurement, 80–81  
 macroeconomic stability as condition for,  
 86  
 social indicators: Colombia, Costa Rica,  
 Côte d'Ivoire, Kenya, 94–100  
 time series evidence with macroeconomic  
 stability, 103–9  
 Brazil, 155–58
- Social security systems  
 Argentina, 230  
 Bolivia, 284
- Spending, government  
 Brazil: social, 157  
 Chile: with increased revenues, 131; social,  
 126–28  
 Israel, 181–82  
 Peru, 392  
 Turkey, 356, 359, 362–63
- Stabilization programs  
 impact, 4–5  
 Argentina: to halt hyperinflation, 390–91,  
 394–99; with high rates of inflation,  
 389–90; post-hyperinflation, 226–29  
 Bolivia: attempts, 242–44; impact on hyper-  
 inflation, 378, 391–92; successful,  
 264–68  
 Brazil: to halt hyperinflation, 390–91,  
 392–94; with high rates of inflation,  
 389–90  
 Chile, 145–46; during military regime, 116  
 Israel: empirical facts, 178–80  
 Peru, 388, 390–92  
 Turkey: IMF agreement (1958), 346–47;  
 IMF agreements (1978–80), 350–52,  
 362
- State-owned enterprises  
 Mexico: with redistributive policy, 58–60  
 Turkey: borrowing requirements, 355–58;  
 deficits, 347, 349; development and  
 expansion (1930s), 345–46
- Stock exchange  
 Bolivia, 284  
 Turkey, 355

- Subsidies  
Chile, 121  
Mexico, 54–56, 59, 71
- Tariffs  
in developing country trade policy, 295–97  
reduction and dispersion in trade policy reform, 27–28  
uniform import rates, 334–35  
Chile, 138
- Tariff uniformity, 293–95
- Taxation  
arguments against Ramsey, 300  
nonuniform commodity boundaries, 333–34
- Tax evasion, 307–8, 332–33
- Tax policy  
Ramsey taxation, 300–306  
setting boundaries, 297–99, 306–8
- Tax reform  
Bolivia, 283–84  
Chile, 131, 134–36  
Turkey: value-added tax, 355, 363
- Tax system  
rates with Ramsey solution, 302
- Tax systems  
as stabilizers, 109, 111  
tax-induced substitution, 304–8  
value-added tax, 302–303  
Bolivia: revenues and tax rates, 250t, 254–57
- Theil index, Brazil, 159, 161
- Tin industry, Bolivia, 264–65
- Total factor productivity  
definition, 44  
growth regressions, 20–22  
post-reform differences in Latin America, 31–33, 51  
sources of growth model, 17–19  
Bolivia: after stabilization, 264–68; computation, 278; estimates, 244–46  
Israel, 189
- Trade policy  
effect of Latin American protectionism, 14–15  
effect of reforms, 30–36  
elements of Latin American reform, 25  
importance of liberalization, 3–4  
interest groups blocking liberalization, 54  
objectives of liberalization in Latin America, 15–16  
policy issues in liberalization, 22–36  
proposals for tariff uniformity, 293–95  
resistance in Latin America to reforms, 13–14  
Argentina: liberalization, 227–28, 230–31; reversal of reform, 25  
Bolivia, 24–25, 284  
Brazil, 25  
Chile: effect of reform, 34–35; liberalization, 24, 137–39  
Mexico: effect of reforms, 31–32; import substitution, 58; liberalization, 24–25, 53, 330–31, 336; motives for liberalization, 60–61  
Peru, 392  
Turkey: liberalization (1980s), 353, 365–66  
Uruguay, 24  
*See also* Exchange rate policy; Nontariff barriers; Open trade regimes; Protection; Tariffs
- Trade volume, post-reform Latin America, 32–36
- Unemployment, Brazil, 163–68
- Value-added taxation, 302–303, 355, 363