

# Contents

---

<i>List of Figures</i>	ix
<i>List of Tables</i>	xiii
<i>About the Editors</i>	xv
<i>Acknowledgments</i>	xvii
<i>Editors' Preface</i>	xix
<b>1 Introduction</b>	<b>1</b>
Scope of the Study	1
The Method of Research	6
 <i>Part I: The Introduction and Fate of Liberalization</i>	
<b>2 Episodes of Trade Liberalization</b>	<b>13</b>
Trade Liberalization: a Move toward Neutrality	13
The Index of Liberalization	18
Liberalization Episodes	29
<b>3 Intensity and Sustainability of Liberalization Episodes</b>	<b>32</b>
Intensity	33
Sustainability	34
Intensity and the Fate of Liberalization Episodes	35
Success and Succession	38
<b>4 The Introduction of Liberalization: Circumstances and Motives</b>	<b>42</b>
Initial Circumstances	43
Motives for Liberalizing	49
<b>5 The Attributes of Liberalization</b>	<b>55</b>
Direct Elements of a Trade Reform	56
Accompanying Policies in Trade Liberalizations	59
Patterns of Liberalization Policies	61
Relationship of Policy Patterns to Initial Circumstances and Motivations	63
Attributes, Intensity, and Survivability	65

**Part II: Transitional Impacts on Income and Employment**

<b>6 Liberalization and Unemployment</b>	<b>71</b>
Disemployment	72
The Net Impact of Liberalization on Unemployment	76
Unemployment and Sustainability of Liberalizations	82
<b>7 Production and Growth</b>	<b>85</b>
Trade Liberalization and Aggregate Product	86
Sectoral Performance under Trade Liberalization	92
Conclusions	102
<b>8 Income Distribution</b>	<b>103</b>
Determinants of the Distributional Impact	104
The Evidence	106

**Part III: Policies, Performance, and Sustainability**

<b>9 The Long-term Perspective</b>	<b>115</b>
Country Patterns	116
Policies and Attributes	117
The Empirical Evidence	120
<b>10 Replacement and Relaxation of Quantitative Restrictions</b>	<b>128</b>
The Significance of Quantitative Restriction Protection	129
Removal of Quantitative Restrictions	132
Relaxation of Quantitative Restrictions and Changes of Tariffs	132
Removal of Quantitative Restrictions and the Industrial Structure	134
Episodes of Radical Relaxation of Quantitative Restrictions	135
Changes in the Administrative Machinery of Quantitative Restrictions	138
<b>11 Liberalization and the Balance of Payments</b>	<b>140</b>
The Balance of Payments when Liberalization is Undertaken	143
The Impact Effect of Liberalization on the Balance of Payments	160
Balance-of-payments Performance and Policy Reversals	163
<b>12 Export Growth and Export Promotion</b>	<b>183</b>
The Relevance of Export Growth	183
Definition and Data	184
Liberalization and Exports	190
The Relevance of Export Promotion	194
<b>13 Accompanying Policies: the Role of the Real Exchange Rate</b>	<b>196</b>
Changes in the Real Exchange Rate	197

The Real Exchange Rate and Sustainability	215
The Real Exchange Rate and the Balance of Payments	219
The Real Exchange Rate and Attributes of Liberalizations	223
Policy Determinants of the Real Exchange Rate	227
Annex: Country Study Estimates of the Real Exchange Rate	230
<b>14 The Role of Macroeconomic Policies</b>	<b>232</b>
The Effect of Liberalization on Government Revenues	233
The Effects of Macroeconomic Policies on Liberalization	236
<b>15 Liberalizations of the Goods Market and of the Capital Market</b>	<b>252</b>
Sequencing Liberalizations in Two Markets	253
Effects of Alternative Sequencing on Welfare	254
The Macroeconomic Effects of Alternative Sequencing	256
Capital Market Opening and the Real Exchange Rate	260
The Sustainability of Trade Liberalizations	266
<b>16 Conclusions</b>	<b>268</b>
The Lessons of Experience	268
The Design of a Trade Liberalization Policy	279
Agenda for Further Research	283
<b>Appendix A1 Issues in the Pattern of Removal of Trade Barriers</b>	<b>286</b>
“Redundancy” of Tariffs	286
Alternative Patterns of Tariff Reform	289
Industrial Structure and the Order of Removal of Trade Barriers	294
<b>Appendix A2 Formal Testing of Hypotheses</b>	<b>302</b>
by Ioannis N. Kessides	
Impact of Trade Restrictions	305
Attributes of Liberalization and Gross Domestic Product Growth Performance	307
Sustainability and its Correlates	313
<b>Appendix A3 Summaries of Country Experiences</b>	<b>318</b>
Argentina	318
Brazil	323
Chile	328
Colombia	332
Greece	334
Indonesia	337
Israel	342
Korea	346
New Zealand	350
Pakistan	353
Perú	356

viii Contents

The Philippines	358
Portugal	362
Singapore	365
Spain	367
Sri Lanka	371
Turkey	375
Uruguay	380
Yugoslavia	381
<i>References</i>	386
<i>Index to Volume 7</i>	388
<i>Cumulative Index to Volumes 1-7</i>	392