

# ECONOMIC ADJUSTMENT AND GROWTH: THEORY AND PRACTICE

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**Synopsis:** This book focuses on conceptualizing the process of economic adjustment and growth, and testing it with empirical methods. The critical components of a successful economic growth strategy include physical, financial, and educational infrastructures supported by macro-financial stabilization policies and structural reforms. With this in mind, the authors begin with a review of the neoclassical growth model, before delving into more specialized topics such as endogenous growth, adaptive inflationary expectations, learning by doing, optimal saving, and sustainable foreign debt. The final chapter presents Philippines as a case study, and narrates the evolution of a successful strategy of adjustment and growth practiced by an emerging market economy that had shown stellar pre-pandemic growth performance, low and stable inflation, and a sustainable external current account position.

## **Contents:**

1. The Basic Neoclassical Growth Model: A Review
2. Testing the Neoclassical Theory of Economic Growth
3. A Modified Neoclassical Growth Model with Endogenous Labor Participation
4. Capital and Growth
5. Finance and Endogenous Growth
6. Openness, Human Development and Fiscal Policies
7. Does Monetary Policy Matter for Long-Run Growth?
8. Outward-Oriented Trade Policies and Economic Growth
9. External Debt, Adjustment, and Growth
10. Optimal Saving and Sustainable Foreign Debt
11. Economic Adjustment and Growth: A Summing Up
12. Stabilization Policies and Structural Reforms: The Philippine Case

## **Key Features**

- A major contribution to aggregate growth theory and practice
- Provides a theoretical framework to the International Monetary Fund's approach to economic adjustment and growth
- Illustrated by a detailed case study of an emerging market economy

**Readership:** Researchers, faculty, instructors, graduate and undergraduate students in economics and finance. Policymakers, government officials, advisory councils and institutions.

**Keywords:** Adjustment and Growth, Testing Growth Models, Labor Participation, Human and Intellectual Capital, Finance and Growth, Adaptive Inflationary Expectations, Learning by Doing, Optimal Saving, Sustainable Foreign Debt, Stabilization and Structural Policies, Emerging Economy Case Study.

World Scientific Publishing Company (2022)