

Title: Technological Gaps, De-Industrialization and Catching-Up: Is the Chilean Case a Paradox?

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Abstract

A paradox seems to emerge with regards the extraordinary growth performance of Chile during the last two decades. In fact, as we show in the paper, the export-led growth model was based on the export of natural resources based products and standardized commodities characterized by low income elasticity of demand while the productive structure was suffering a strong de-industrialization process.

The paper is divided into two main parts. In the first one, the current Chilean international specialisation pattern is critically examined adopting several different approaches: a CAN analysis of the Chilean international competitiveness, a time series analysis of the terms of trade series checking the Prebisch-Singer hypothesis and an input-output analysis of the Chilean industrial structure evolution. In the second, we try to account for the qualitative and quantitative analysis developed in the first part by mean of a stylised evolutionary-structuralist model. The model offers an interpretative framework for Chilean growth experience and suggests the necessity of a second stage industrialization process to reduce the existing technological gaps and to increase product diversification in order to maintain the catching-up process.