Introduction

The manufacturing growth has been considered as a determinant of the countries growth due to its dynamics and the capacity to generate endogenous growth by increasing productivity, not only in the same sector, but also in other sectors, and with the spatial analysis we can determine if there are spillover effects with the manufacturing and labor productivity growth. This is what Kaldor demonstrates with his three laws. However, these laws do not consider the importance of the foreign market; hence, Thirlwall modified the first law to incorporate manufacturing exports. Empirical evidence shows that, in South Korea the growth is determined endogenously; the manufacturing sector works as a pivot for economic development by leading the sectorial growth and the labor productivity, the growth in exports tend to complement it.

Method

- 2OLS
- OLS, SL and SE

EQUATIONS FOR CLOSE ECONOMIES

\[ y_T = pW_1y_T + \delta y_M + \varepsilon \]

\[ g_M = pW_1g_M + \alpha y_M + \varepsilon \]

\[ g_T = pW_1g_T + \delta y_M + \varepsilon \]

EQUATIONS FOR OPEN ECONOMIES

\[ x = \alpha_0 + \delta y_M + \varepsilon \]

\[ y_T = \alpha + (\alpha_0 + \delta y_M) + \varepsilon \]

Conclusions

We found that although the Chilean government made an attempt to address the structural problems of the country where a model was developed based on a government that from a certain moment, took an active and non-neutral policy. Opting for the trails, economic growth should follow, guiding investment incentives to certain agents and in certain directions (Katz, 1999), this participation was not as intense and it was not long term as the Korean case.

In the Mexican case, the industry can not operate as an engine of growth, resulting in no spatial externalities that help stimulate positive cumulative causation processes in the most dynamic regions of Mexico.

The Korean case shows that manufacturing there does drive the overall growth of the economy and affects global productivity.