

EDITORIAL: Economic Growth and Convergence: Analyses for the Mexican States

It's a pleasure to present to readers of the Journal of Reviews on Global Economics this special issue titled "Economic Growth and Convergence: Analyses for the Mexican States". This issue claims the attention about one singular fact: economic growth differentials have widely been documented for homogenous groups of countries, and also for the set of regions belonging to a developed country, but evidence is still scarce for regions of a country in process of development. In spite that economic growth and convergence is an extremely important topic in the present day, several restrictions are conditioning to test this theory. One of the most important restrictions is the lack of data for long periods. Economic growth and convergence are phenomena of long-run and so their analyses require an extensive database in time. Fortunately, in Mexico it is possible to access a large and homogeneous database on regional income by German-Soto (2005), figures on physical and human capital by German-Soto (2008) and German-Soto, Rodríguez and Escamilla (2013). All they are up dated in the German-Soto's web-page. This fact makes possible the preparation of this issue and motivates the research on Mexico, its states and municipalities. The gamma of research lines here worked on economic growth and convergence suggest that Mexican states are evolving around heterogeneous convergent processes, unequal rates of growth, with tendencies towards the polarization and formation of income clubs. These results are relevant for the economies, policy-makers, regional planners, government and society, because they provide a guide on the long-run performance and suggest how policy actions must be regionally directed with the aim to diminish the inequalities and to promote the development. If one economy constantly deviates of its long-run tendency, then it is an economy without compass and it hardly can to reach the desired and required development.

We open the special issue with a set of papers that is directly related with the concern of the Mexican states convergence. The first of the proposals is the paper by V. German-Soto and N. Salazar, who bring new light on the debate of stochastic convergence among Mexican states through polynomial regression methodology. In specific, authors use data along 1940 to 2010 on per capita gross domestic product to approximate the income differentials in time and provide evidence about if the different initial conditions tend to diminish in the long-run. They find that convergence has been affected by structural changes that modified the relationship among richer and poorer states, mainly due to the trade opening.

The second paper is the contribution of the M. Camberos and J. Bracamontes, who analyze the β and σ convergence using several perspectives. They document that absolute convergence is a not reliable result among the Mexican states, except for the period 1960-1970, a stage with the best economic performance in Mexico, known as the "Mexican Miracle". In general, their results allow concluding on a number of outliers that stop the convergence. In this conclusion the human capital is playing a decisive role in the lack of sustained economic development of the most recent period.

In the third paper, D. Rodríguez-Benavides, J. C. Trejo and M. A. Mendoza González assess the income convergence of the 32 Mexican states in the period 1940-2010 through the Pesaran's pair-wise approach. From this methodology they find evidence against the hypothesis of convergence especially for the total sample 1940-2010 and for the first period: 1940-1985. However, mixed evidence regarding this hypothesis might be observed in the second period 1986-2010. An explanation to this lack of convergence seems to be in the presence of clubs of convergence that impede to capture the stationarity in the gaps.

The issue continues with a couple of papers specifically focused on the Mexico City and its Metropolitan area. In the first one, the authors L. Quintana-Romero, J. A. Prudencio-Vázquez and C. Salas Páez emphasize the process of inequality and polarization among municipalities of the Mexico City and its Metropolitan area. Using spatial indexes authors find that inequality and polarization have grown and up to four convergence clubs have emerged. In the second paper of this group, M. A. Mendoza-González, Valdivia-López and Quintana-Romero analyze two models, the macro and regional models, to explain Mexico and Mexico City, respectively. From the first one the authors are able to explain the economic growth of Mexico on the component of aggregate demand along 1993-2010. From the second model, authors highlight the factors that are conditioning the economic growth differentials between Mexico

City and the whole country between 2000 and 2010. Among other things, this proposal has the attractive to motivate the link among the macro and local components.

The last three papers broach three interesting thematic also linked with economic growth, but traditionally very few explored or with less empirical evidence: the fiscal policy, the productivity of small, medium and large enterprises and the theoretical relationship among health and income level. In the first, L. Huesca and L. Llamas provide a detailed examination of the redistributive effect achieved by the tax system including total taxes and cash transfers targeting the contributors and households for the years 2002, 2008 and 2014 for the Mexican regions and the country. The second proposal of this group estimates absolute and conditional convergence in productivity growth according to the size of the establishment. M. Flores, R. Andrés-Rosales and A. Villarreal find that productivity differs according to the size of the establishment. While microenterprises and small establishments exhibit a moderate increase, medium and large-sized establishments experience the largest increase during 2004-2014. Finally, V. German-Soto and M. E. Fuentes Castillo examine the long-run relationship among health and income in Mexico. After the correlation serial is accounted for, stationarity of some health indicators and income is demonstrated allowing for the presence of multiple structural breaks along 1940-2011. A novelty of this proposal is the strategy followed by authors to consider the unit root tests on variables gap. In addition, the empirical evidence covers a long period, an interval that has not been covered by other similar studies in Mexico.

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