Dear Deepak

São Paulo, March 17, 2011

It was a pleasure to have you in São Paulo.

I think that your Wider paper is excellent. It is required reading to everyone that wants to understand economic development.

To my view, the paper presents essential evidence of the fact that economic development is only possible to countries that are autonomous nations and industrialize, or, in other words, to countries that are able to form a nation-state and make the industrial revolution – the two components of a capitalist revolution.

Your data show that developing countries represented a major share of world GDP before 1820.

Yet, since the 15th century and particularly since the 18th century Europe made its capitalist revolution and started to grow fast.

Developing countries faced decadence from 1820 (particularly India and China), when they turned victims of industrial imperialism.

The exception was Latin America that, at that time, was turning independent and, although having dependent elites, starts to grow but not industrialize.

In 1950 Asian countries turn independent and begin industrialization; catching up was now underway.

Latin American countries like Brazil and Mexico were involved in their respective industrial revolutions since 1930, profiting from the weakening of the capitalist center due to the Great Depression to achieve national autonomy.

Latin America falls behind since 1980 due to a major foreign debt crisis and to its incapacity to resist to the neoliberal hegemony of the North.

Some Latin American countries realize that neoliberal reforms were not conducive to growth and new nationalist revolutions take place in some countries.

In the early 2000 catching up turns manifest as developing countries GDP nears 50% of global GDP.

Why? That is the question that the book should answer.

Economic development only takes place after the capitalist revolution.

The countries that made the capitalist revolution earlier (in the 18th and 19th century) turned imperialist.

India and China – the major pre-capitalist empires – were the countries that suffered most.

When they turned independent, in post-war 1950, they make their national and industrial revolution (their capitalist revolution) and catch up.

Yet, many developing countries are not catching up because they remain dependent on rich countries. This fact is a major obstacle for their capitalist revolution.

And there is the case of Latin American countries that had achieved a reasonable national autonomy, but lost part of it in 1980s, and, for that reason, because they lack a national development strategy, they are getting behind the fast growing Asian countries.

This argument is partially developed in the first three chapters of *Globalization and Competition.*

I suggest that you also read the chapter on the Dutch disease, because its neutralization is generally a required condition for a country to make its industrial revolution.

I confirm my invitation that you make a short version of your Wider paper to publish in the Brazilian Journal of Political Economy. For this short paper I believe that Tables 1 to 5 and table 11 are key.

I believe that the 12 countries that you choose are representative of the middle income countries or emerging countries that already completed their capitalist revolution.

I hope my comments are helpful.

Warm regards, Luiz Carlos