

Médici, F. (2018). Terms of exchange, capital account, and the growth model restricted by the balance of payments: an empirical analysis. *Cuadernos de Economía*, 37(74), 443-470.

The aim of this paper is to contribute to the analysis of the balance-of-payments-constrained growth models in structurally heterogeneous economies. Following Medici and Panigo's (2015) recent article, this paper seeks to provide empirical evidence that disregarded terms of trade (TOT) has negative effects on the balance of payments in economies in which the majority of sectors are based on natural resource exploitation. According to this model, TOT improvements do not only have positive effects on the balance of payment performance through the current account, they also have a negative impact through the capital account.

Keywords: Economic growth, balance of payment, terms of trade, external constraints, capital flows.

JEL: C02, C12, E12, F43.