<table>
<thead>
<tr>
<th>CONTENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACKNOWLEDGEMENTS</td>
</tr>
<tr>
<td>PREFACE</td>
</tr>
<tr>
<td>EXECUTIVE SUMMARY</td>
</tr>
</tbody>
</table>

**Chapter 1: ECONOMIC GROWTH AND THE INTERNATIONAL DIFFUSION OF INNOVATIONS** | 15 |
- The Microeconomics of the International Diffusion of Innovations | 16 |
- The Macroeconomic Context of Adoption: Catching Up and Leapfrogging | 23 |
- Towards an Integrated Approach | 26 |

**Chapter 2: THE NEW INFORMATION TECHNOLOGIES AND ADVANCED TELECOMMUNICATIONS (Tables 1 to 10)** | 33 |
- Electronic Switching and Advanced Telecommunications | 33 |
- The Transition from Electromechanical to Electronic Switching | 34 |
- The Information Technologies | 35 |

**Chapter 3: THE EMPIRICAL EVIDENCE ON THE INTERNATIONAL DIFFUSION OF ADVANCED TELECOMMUNICATIONS** | 43 |
- The Levels of Diffusion | 43 |
- The Rates of Diffusion | 45 |
- International Diffusion of Technological Capacity in Advanced Telecommunications | 46 |

**Chapter 4: THE ROLE OF SUPPLY, MARKET STRUCTURE AND INDUSTRIAL ORGANISATION (Tables 11 and 12)** | 61 |

**Chapter 5: THE MACROECONOMICS OF DIFFUSION (Tables 13 to 16)** | 71 |
- The Evidence | 71 |
- Investments and Adoption: The Theory | 73 |
- The Equilibrium Models | 73 |
- The Epidemic Models | 74 |
- Growth, Investment and Diffusion | 75 |
- The Model | 76 |
- Investments and Diffusion: The Test | 77 |

**Chapter 6: CONCLUSIONS** | 91 |

**Annex I (Table 17)** | 97 |

**Annex II (Table 18)** | 100 |

**BIBLIOGRAPHY** | 105 |