



Resumen 004

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Agnostic Identification for Growth Regimes

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Información

Palabras clave:

Distribution, Growth
Endogeneity bias
SVAR, Latin American
economies

Clasificación JEL:

D33, B50, E12

Resumen:

This study introduces the agnostic SVAR in the debate on growth regimes in the Post-Keynesian literature. This study contributes to the literature by presenting an agnostic identification method to determine the effect of the functional distribution on output and components of demand. To understand the identification in the aggregative method, the different endogeneities of the distribution are discussed. The analysis of Latin American countries between 1960–2014 also adds to the literature. Other authors include these economies in their studies, but not as the central part of their research, instead as one more country in the overall sample. The current study focuses only on the Latin American region.

The response of output to structural shock of wage share, through IRF, shows different dynamics in each country. Under pure exogenous and profit-squeeze perspectives, Bolivia, Colombia, and Honduras present negative effects on their GDP through exogenous change in wage share. By contrast, the growth of Costa Rica, Ecuador, Nicaragua, and Peru show a positive IRF with classical and overhead restrictions. Contrary to our expectations, the IRF of Brazil and Mexico could be positive or negative, depending on restriction (overhead and profit-squeeze). Moreover, the sign restriction allows the results of Argentina and Chile to be clarified. For a one-percentage point increase in wage share, the median response for GDP is found to be less than 0.40. For the classical and profit-squeeze approaches, the results indicate that Bolivia, Colombia, and Honduras have profit-led regimes. In addition, we observe that Costa Rica, Ecuador, Nicaragua, Peru, and Venezuela have wage-led regimes under the classical and overhead assumptions. Finally, the regimes of Brazil, Mexico, Panama, and Uruguay could not be determined.

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