

Space, growth and regional convergence in Bolivia: 1990-2010

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Abstract

Often economists debate about the convergence hypothesis (neoclassical approach to growth) and the hypothesis of divergence (endogenous growth theories), since the latter one brings to a critical view of the capabilities of the market to reduce regional disparities. The progress of the regional economy has shown that one of the factors that significantly influence the existence of regional divergence is the geographical position. For Bolivia, there have been several studies of growth and convergence; however, very few studies have addressed the issue of the space. It is in this sense that the present document incorporates the notion of space in analyzing the regional convergence (divergence) in Bolivia, being the main objective, to answer the following questions: 1) What is the difference or gap between the average GDP per capita for all Departments of Bolivia?; 2) Is there any similarity (or difference) in direction or intensity between growth GDP per capita for all Departments of Bolivia?; 3) How well do Bolivian Departments match in their GDP per capita?

Thus, an exploratory analysis between political geography of Bolivian Departments and levels of GDP per capita is done, and in order to investigate whether the results obtained in this analysis prevail in the long run, the Departments convergence is analyzed through more formal indicators. Thus, it is analyzed the spatial dependence using Moran Indicators, in order to investigate whether certain components of regional growth are shared by regions that are close to each other, and also to what extent the regional GDP per capita is concentrated in certain regions. This is concluded with an analysis of redistributive policies (depending on regions) implemented to date, and with recommendations for future policies.

The research results show that regional divergence exists in Bolivia, which has tended to decline pursuant to redistributive policies implemented in recent years. However, is needed the creation of public policies that promote overall growth, as well as stagnant and declining regions growth, to facilitate the transition of enterprises from the informal to the formal sector, on a selective basis, that is, aimed at those sectors that generate higher value added and knowledge.

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