

Sustainability of the contribution of the extractive sectors to economic growth in the medium and long term

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Abstract

Bolivia has always been characterized as an exporter of commodities; this feature is due to the production of natural gas and minerals. In the literature, these sectors are defined as non-renewable extractive sectors. This research employed a set of models to demonstrate the sustainability of these sectors in economic growth. In line with Sachs and Warner (1995) and Ding and Field (2005) the results are laudable, namely, there is a negative effect of variables associated with extractive natural resources. In the recursive version of the Vector Autoregressive model, it is seen greater persistence of the negative effect of natural resources on the behaviour of GDP since 2012, when the terms of trade decelerated sharply. Finally, Bolivia's industrial sector shows positive effects on the behaviour of economic growth with 0.10pp in 2010 as the maximum effect and 0.04pp as the minimum, as of June 2019.

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