

# **Determinants of economic growth in Bolivia: a demand approach**

**Julio Humérez Quiroz**

## **ABSTRACT**

The estimation of the determinants of economic growth is of interest to both decision makers and analysts. For this purpose usually a production function is estimated. However, in developing countries like Bolivia are faced difficulties related to the availability of statistical information on capital stock and data of employment. Therefore, in line with recent international literature, in this paper we chose to estimate an ad hoc econometric demand specification, using error correction models and Bayesian Vector Autoregression (BVAR). The result of the study indicates that domestic demand is the main source of economic growth in Bolivia, whose components include private consumption, mainly food.

**JEL Classification:** C01, C38, C39, O49

**Keyword:** *Economic growth, domestic demand, cointegration, Bayesian VAR*