

Economic growth, structural change and diversification: the case of Bolivia

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Abstract

The objective of this research is to explain the economic growth in Bolivia in relation to the importance of exports diversification and structural change. The primary-exporting economies generate, systematically, lower rates of economic growth, less than the rate of growth in the rest of the world. Structural change is the process of transforming a primary-export economy into a diversified and industrialized economy that converges to development. Historically, Bolivia has low rates of economic growth and recurrent scenarios of external vulnerability in a context of natural resources exportations. During 1992-2015, Bolivia's primary-exporting economy has been increasingly concentrated in natural gas exportations, while Bolivia's importations have diversified. This is a sign of a reverse process of imports substitution. Econometric estimates for the period 1950-2014 show that structural parameters of Bolivian economy generate a vicious circle of economic growth that corresponds to a non-diversified economy with development problems. In that sense, the few processes of structural change for Bolivia's development have been weakly supported by its productive structure. At disaggregated level by economic categories, the estimated parameters show the existence of undiversified sectors, with the exception of fuels and lubricants, and capital goods. Then, the structural change is essential to overcome the centripetal place of natural resources in Bolivia.

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